

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

December 16, 2010 - 11:57 a.m.
Concord, New Hampshire

AFTERNOON SESSION ONLY

RE: DE 10-188
2010 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 N.H.:
Gerald M. Eaton, Esq.

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

Reptg. N.H. Electric Cooperative:
Mark W. Dean, Esq.

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

COURT REPORTER: Susan J. Robidas, LCR NO. 44

1 APPEARANCES: (Continued)

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

5 Reptg. Community Action Associations:
6 Dana Nute

7 Reptg. The Way Home:
8 Alan Linder, Esq. (NHLA)

9 Reptg. Office of Energy & Planning:
10 Eric Steltzer

11 Reptg. Conservation Law Foundation:
12 Jonathan Peress, Esq.

13 Jeremy Hill, pro se

14 Reptg. Residential Ratepayers:
15 Meredith Hatfield, Esq., Consumer Adv.
16 Stephen Eckberg (OCA)

17 Reptg. PUC Staff:
18 Suzanne G. Amidon, Esq.
19 Marcia A.B. Thunberg, Esq.
20 James J. Cunningham, Jr., Elec. Div.
21 Al-Azad Iqbal, Elec. Div.

22
23
24

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I N D E X

WITNESSES: JAMES J. CUNNINGHAM, JR.
STEPHEN R. ECKBERG
THOMAS R. BELAIR
THOMAS PALMA
CAROL WOODS (sworn in at Page 29)

PAGE

QUESTIONS BY:
By Cmsr. Below 14
By Cmsr. Ignatius 52

WITNESS: R. JEREMY HILL

DIRECT EXAMINATION:
By Ms. Amidon 87

CROSS-EXAMINATION:
By Ms. Hatfield 91

QUESTIONS BY:
By Cmsr. Below 94
By Cmsr. Ignatius 101
By Mr. Steltzer 103

CLOSING ARGUMENTS:
By Mr. Eaton 105
By Ms. Knowlton 106
By Mr. Dean 107
By Ms. Goldwasser 107
By Mr. Linder 108
By Mr. Nute 108
By Mr. Steltzer 108
By Mr. Hill 112
By Ms. Fischer 113
By Ms. Hatfield 116
By Ms. Amidon 117

I N D E X (Cont'd)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

EXHIBITS	PAGE
16 Data Request to Staff.	11
17, 18 Data Requests to Utilities . . .	14
19 Data Request	17
20 Motion for Protective Order . .	21
and attachments	
21 Data Request to OEP	34

1 (Following a brief recess, the hearing
2 resumed at 11:57 a.m.)

3 CHAIRMAN GETZ: We're back on the
4 record in Docket DE 10-188. Is there anything we
5 need to address before we resume with questioning
6 from the Bench for the Panel?

7 MS. AMIDON: Yes. I spoke with Mr.
8 Frantz at the recess, and we agreed that it would be
9 preferable to do a record request to provide the
10 information to the Commission because it involves
11 ranges of money. And there's a -- so that's what we
12 prefer to do.

13 I'm sorry. I didn't address what the
14 subject was. We're talking about Mr. Linder's
15 question on the monitoring and evaluation, the budget
16 for 2007, the amount that has been devoted, or is
17 recommended to be diverted to support the Senate
18 Bill 323 money, and the remaining funds and the
19 source of that funding. I think that, as is evident
20 in Exhibit 15, the Commission has some discretion on
21 how to decide to raise the money for Senate Bill 323;
22 and insofar as that goes, there's no firm answer. So
23 we're going to provide a response which addresses Mr.
24 Linder's questions. And I will allow Mr. Linder to,

1 you know, propound that record request.

2 I do have a couple of additional
3 record requests that are related to that. Because
4 this request was filed in this docket, it has come
5 now to the attention of some of the utilities that
6 they may be asked to support this program, and there
7 may be some limitation as to what money is available.
8 So I have two record requests myself, which the first
9 one is for Granite State and EnergyNorth to provide
10 information to the Commission as to the remaining
11 amounts in their budgets for 2010 that are available
12 for monitoring and evaluation.

13 The second request is as follows, for
14 any of the utilities: If money was to be paid out
15 from 2010 to support the Senate Bill 323 study, when
16 do the companies need an invoice, or if there are any
17 other billing conditions that the Commission should
18 be aware of.

19 I understand that the letter, the
20 December 13th letter, is not directly related to this
21 docket. But because Mr. Linder raised the issue, I
22 think it's important to try to get as much
23 information as we can to assist the Commission in
24 determining how to proceed with that request. And I

1 don't know if any of the other parties have any
2 additional observations or information that they
3 think should be brought to the record. But I will
4 now defer to Mr. Linder for him to articulate his
5 record request.

6 CHAIRMAN GETZ: Mr. Linder.

7 MR. LINDER: Mr. Chairman, the record
8 request would be basically how much, if any, is
9 proposed to come from the electric CORE 2010 M&E
10 budget for the SB323 study; secondly, how much, if
11 any, is proposed to come from the 2010 gas utilities'
12 M&E budgets for the SB323 study. Similarly, with
13 respect to 2011 M&E budgets, how much, if any, is
14 proposed to come from the CORE 2011 M&E budget for
15 the SB323 study; and how much, if any, would be
16 proposed to come from the 2011 gas utilities' M&E
17 budget for the SB323 study. And I think it might be
18 helpful if it could also -- if information could also
19 be provided as to approximately how much is currently
20 available in the 2010 electric CORE M&E budget that
21 could be utilized for the SB323 study; and if any
22 monies are proposed to come from the 2010 gas M&E
23 budgets for the study, how much approximately is
24 available in the 2010 gas budgets.

1 And finally, with respect to the 2011
2 CORE M&E budget as set forth on Attachment C to
3 Exhibit 1, which is the settlement agreement, which
4 appears to indicate that there would be a -- that
5 there is going to be a shortfall already, can we get
6 a clarification on how it would be proposed that
7 monies would come from the 2011 CORE M&E budget under
8 those circumstances. I think that would cover the
9 information that would be helpful to the parties and
10 the Commission with respect to providing funding for
11 the SB323 study. And that would be the record
12 request, essentially.

13 CHAIRMAN GETZ: Ms. Hatfield.

14 MS. HATFIELD: Thank you, Mr.
15 Chairman. From a procedural perspective, if the
16 parties don't receive that information until we get
17 the record requests, is the Commission looking for
18 positions at that time from the parties? Can you
19 give us any guidance on that?

20 CHAIRMAN GETZ: Well, I guess at this
21 point, Mr. Linder is asking for further explanation
22 about, I guess, the implications of the settlement
23 agreement and how it could be interpreted. So you're
24 asking whether we're looking for other parties to

1 weigh in on what would be expended and how,
2 potentially?

3 MS. HATFIELD: Well, the settlement
4 term on this matter does say that parties other than
5 Staff weren't taking a position. On Page 12, it says
6 the parties do not take a position regarding the use
7 of the 2010 Senate Bill 323 monies for the study at
8 this time. And since there will be new information
9 coming, it just raised a question in my mind about if
10 some parties -- for example, Mr. Linder -- intends to
11 file some type of a position statement after he
12 reviews the record request.

13 CHAIRMAN GETZ: Mr. Linder.

14 MR. LINDER: Mr. Chairman, I said
15 initially this morning that The Way Home has signed
16 on to the settlement agreement. The Way Home does
17 support it, and The Way Home is going to continue to
18 support it, we are not going to take a position
19 contrary to what is being proposed. Our sole
20 objective is to just simply clarify how much is
21 coming -- is proposed to come out of these budgets so
22 that the parties -- so it's clear to the parties and
23 the Commission. But we would not be proposing to
24 have either The Way Home or any other parties submit

1 position statements with respect to the information
2 we're going to receive.

3 CHAIRMAN GETZ: Ms. Knowlton.

4 MS. KNOWLTON: One aspect of the
5 request is not clear to me, which is, Mr. Linder is
6 asking what's being proposed, and so who is the
7 record request directed to? Because it's the Staff's
8 proposal, so I'm assuming --

9 CHAIRMAN GETZ: I'm taking that it was
10 proposed to Staff; effectively, Mr. Frantz.

11 MS. AMIDON: I think that's fair to
12 say. And I would say that the letter clearly states
13 that they haven't decided what to do for the
14 remainder of the money. So I don't think there's
15 anything currently proposed for 2011. But yes, Mr.
16 Frantz will be preparing the response.

17 MS. KNOWLTON: The other -- and I
18 don't know whether the Commission would want -- there
19 are certain practical realities that impact this.
20 And I can put -- I can ask Ms. Li some questions on
21 the stand, or maybe just make an offer of proof if
22 that would be acceptable.

23 If National Grid doesn't receive an
24 invoice by tomorrow, it can't use 2010 funds, you

1 know, to pay for any invoice that it receives. The
2 books of the company are closing. That's one issue.

3 The second issue is that the company
4 can't pay for -- it can't pay an invoice for services
5 that haven't been rendered. So I don't know what the
6 status of the study is. But if work hasn't begun and
7 milestones haven't been achieved on this study, they
8 can't use 2010 funds, you know, to pay the bills. So
9 there's practical realities that have, you know,
10 timing implications, and I don't want to leave the
11 hearing room and have people expecting that if a bill
12 is issued at end of the year that it could be paid.

13 CHAIRMAN GETZ: Well, let's do it this
14 way: I would suggest that we'll mark for
15 identification as Exhibit 16 this data request that
16 will be to Staff. To the extent that there's other
17 information that Mr. Frantz would need to give a
18 complete answer, based on these practical realities
19 that Ms. Knowlton speaks to, then he should work with
20 the parties to make sure there's a full and complete
21 answer.

22 (The data request, as described, was
23 herewith marked as Exhibit 16 for
24 identification.)

1 CHAIRMAN GETZ: Is there anything else
2 on that issue? Ms. Goldwasser.

3 MS. GOLDWASSER: Mr. Chairman, I would
4 just echo Attorney Knowlton's statement. I don't
5 have all the information, but I have indications from
6 my client that we would potentially have a similar
7 problem. We'll be in touch with Staff regarding
8 that.

9 CMSR. IGNATIUS: I have a question of
10 the two utility representatives regarding --
11 actually, everyone, Mr. Eaton, as well -- regarding
12 unspent funds.

13 Is there not a provision for rolling
14 over unspent funds in M&E from 2010 into a future
15 year; and if not, is that a mechanism that we could
16 use so that we're not in the situation of trying to
17 race out an invoice for a number that may still be
18 somewhat in flux and work not yet done, but simply to
19 dedicate unspent funds to from 2010 M&E to 2011 M&E
20 while the details are being worked out?

21 MS. KNOWLTON: National Grid in the
22 past has spent any unspent M&E monies on customer
23 rebates, and I believe that may be true to some
24 extent this year, 2010.

1 MS. AMIDON: Mr. Chairman, that's
2 Staff's understanding as well. The money is not --
3 and if there's any remaining money in the M&E budget,
4 it doesn't go back to a dedicated program, M&E
5 program; it goes back to the rebates. It rolls over
6 to the residential or commercial/industrial program.
7 If there's anybody on the panel who understands
8 differently, I invite them to respond.

9 MR. PALMA: I think for Unitil, if
10 there's \$200,000 left over in M&E at the end of the
11 year, it would roll into next year's -- you know,
12 that money is customer money to be spent on energy
13 efficiency, and it does not go into the next M&E pot.
14 It doesn't mean it couldn't. I don't think there's
15 anything precluding that. It's just not a practice
16 that we've rolled the money right into the next pot.

17 CHAIRMAN GETZ: Okay. And so anything
18 else on that issue? And then there's two other data
19 requests that would be marked as 17 and 18 that are
20 requests of the utilities; correct, Ms. Amidon?

21 MS. AMIDON: Yes. Thank you.

22 CHAIRMAN GETZ: And I guess you've
23 already stated it on the record. I guess to the
24 extent that the clerk needs further help in

1 clarifying what that is for the purpose of
2 recordkeeping, I'd just ask you to work with her
3 after the hearing.

4 MS. AMIDON: Be happy to.

5 CHAIRMAN GETZ: Is there anything else
6 on the substance of those requests?

7 (The data requests, as described, were
8 herewith marked as Exhibits 17 and 18 for
9 identification.)

10 (Chairman and Commissioners
11 conferring.)

12 CHAIRMAN GETZ: Okay. Anything
13 further before we turn to questioning from the Bench?

14 (No verbal response)

15 CHAIRMAN GETZ: Hearing nothing, then
16 Commissioner Below.

17 INTERROGATORIES BY CMSR. BELOW:

18 Q. Good afternoon, Gentlemen. I hope you'll bear with
19 me as I work my way through all my questions I've
20 noted in the margins of the filing and all the
21 testimony. So I may wander a little bit. But let's
22 start with the original filing, Mr. Belair, at
23 page -- at the bottom of Page 2 -- this would be
24 Exhibit 2 -- there's a statement that customer demand

1 for energy-efficiency products and services has grown
2 steadily, to the point where today the New Hampshire
3 electric utilities are making commitments for
4 projects that will be completed next year and the
5 year after.

6 Do you have an idea of the extent of such
7 commitments, either -- the nature of them? Are they
8 primarily in the commercial sector? What might the
9 volume be, either in terms of dollars of work or
10 number of entities?

11 A. (Mr. Belair) It's typically commercial new
12 construction, when people are planning to build a new
13 building or a big addition and they're planning a
14 year or two in advance. It's not -- right now, I
15 don't think we have very much in that cue for that.
16 We do have for the weatherization program, we do have
17 150 people. When we close out the pilot, we have 150
18 people on the waiting list right now to have their
19 homes weatherized. I think those are the two that we
20 have. We do have some ENERGY STAR® homes, new
21 construction projects that have, you know, tentative
22 commitments for next year.

23 Q. Mr. Palma.

24 A. (Mr. Palma) I don't have that information available.

1 I think in a record request we could provide it. But
2 the categories are similar: C&I and ENERGY STAR®
3 Homes would be the only two categories.

4 Q. Okay. And do the National Grid witnesses have any
5 information on this?

6 A. (Mr. Kearney) If I could just have one moment?

7 A. (Ms. Li) He was just going to ask our -- we're going
8 to ask our commercial/industrial colleague, because
9 the multi-year projects usually reside on the
10 commercial/industrial side.

11 A. (Mr. Kearney) Thank you. Similar to Mr. Palma and
12 Mr. Belair, we do have some, on the electric side,
13 some large C & I new construction projects that we're
14 committing into future years.

15 Q. Okay. I think both in the original filing and in the
16 settlement there are discussions about the KEMA
17 assessment of the fuel-neutral home program, Home
18 Performance Program, and comments about that the
19 full-blown impact evaluation hasn't been completed
20 yet. And I think in the settlement agreement there's
21 reference to a commitment to proceeding with that.
22 What's the timetable at this point?

23 A. (Mr. Belair) At this point, we -- in the settlement
24 agreement we said we'd have it done by June 1st. In

1 order to do that, we'll have to have the RFP out in
2 January.

3 Q. Okay. This is sort of a repeat of the first
4 question. But on Page 17 of the original filing, in
5 the top of the second paragraph it says customers of
6 the New Hampshire electric utilities often plan and
7 budget for large capital projects with multi-year
8 lead times. And it goes on to talk about plans for
9 2011 and 2012. I guess I just want to repeat, and
10 maybe I will make a data request, if you could
11 indicate what the book of business is that's already
12 sort of scheduled out for 2011 and 2012 with the new
13 construction projects or major renovations or
14 replacement of equipment. Okay?

15 CHAIRMAN GETZ: So we'll reserve
16 Exhibit 19. And that's for all of the utilities?

17 CMSR. BELOW: Yes, please.

18 (The data request, as described, was
19 herewith marked as Exhibit 19 for
20 identification.)

21 BY CMSR. BELOW:

22 Q. On Page 25, near the bottom of the page, in a
23 discussion or elaboration of the Home Performance
24 with ENERGY STAR® Program, in the middle of the

1 paragraph there's a statement that Home Energy
2 Auditors will also market the program. And "Home
3 Energy Auditors" is all capitalized, each word, which
4 suggests a term of art. What do you mean by that
5 term?

6 A. (Mr. Belair) It just could have been "home." It
7 could have been lower case. It's just the
8 contractors who are doing weatherization today.

9 Q. Okay. The contractors who do the weatherization or
10 who did the initial audit? Or are they one in the
11 same?

12 A. (Mr. Belair) They're one in the same. There are some
13 auditors that contract with a third party to do air
14 sealing insulation. But for the most part, most of
15 the contractors we have in the program are
16 crew-based, and they do the audit and the
17 weatherization.

18 Q. Okay. And then on 13 of Exhibit 12, which was your
19 rebuttal testimony on behalf of the electric
20 utilities, at Line 9 there's a reference to customers
21 having come to trust the auditors hired by the
22 utilities and appreciating the thorough audits, fair
23 price and thoughtful recommendations being presented.

24 What are the -- could you just describe what the

1 audit standards are. I guess I'm specifically
2 interested in do you require them to meet the BPI
3 standards, building analyst professionals standards
4 for home audits, or is it something less than or
5 different than that?

6 A. (Mr. Belair) They do have to meet the BPI analyst
7 rules, and it deals with stack -- combustion-air zone
8 testing and looking for, you know, safety issues
9 before they start the audit. So, yes, there is a BPI
10 analyst that follows the rules of the BPI
11 certification.

12 Q. So, is there typically a pre- and post-installation
13 blower door test done?

14 A. (Mr. Belair) Typically there is. That is done, yes.

15 Q. Okay. And do you believe that's true for all of the
16 electric utility programs, or are you speaking for
17 PSNH?

18 A. (Mr. Belair) I'm speaking for PSNH. And I'm not
19 quite sure about all the other utilities.

20 A. (Mr. Palma) It's the same.

21 Q. For Unitil?

22 A. (Mr. Palma) For Unitil and UES and Northern.

23 Q. For both gas and electric.

24 And National Grid?

1 A. (Mr. Kearney) Yes, this would be true if they were to
2 add insulation to the exterior walls. There are
3 instances where a blower door would not be necessary
4 if they were adding insulation to the attic.
5 However, it is generally common practice that it is
6 done. If an independent weatherization contractor on
7 the gas side were to be performing weatherization
8 services, they would do a post-test. We would
9 provide the pretest, and the weatherization
10 contractor would do the post-test.

11 Q. So you work a little differently. It sounds like you
12 have a separate audit function than the insulation
13 contractor.

14 A. (Mr. Kearney) Currently, yes.

15 CMSR. BELOW: And I guess I want to
16 refer to a document that's not an exhibit, but
17 perhaps we could mark it as such. It's the
18 attachment to the December 15th filing by Ms.
19 Knowlton with regard to a motion for protective
20 order. And I don't need to have the confidential
21 version, but rather the redacted version that was
22 filed publicly to that, the attachment to that. I
23 was just wondering, could we mark that as an exhibit.

24 CHAIRMAN GETZ: It will be marked as

1 Exhibit 20.

2 (The document, as described, was
3 herewith marked as Exhibit 20 for
4 identification.)

5 MS. KNOWLTON: May I clarify for the
6 record? There's two attachments to the motion: The
7 contract and the data responses.

8 CMSR. BELOW: It's the contract that I
9 want to reference.

10 MS. KNOWLTON: Thank you.

11 BY CMSR. BELOW:

12 Q. You have to bear with me a minute because some of my
13 notes were on the confidential version, but I can ask
14 them on the public version.

15 I think it would be Page 28 of 54. And the top
16 of the page starts, "The CSG fee for the walk-through
17 energy audit for both the gas and electric programs
18 is blank." And I am just wondering if that
19 walk-through energy audit typically would include or
20 not include a blower door test.

21 A. (Mr. Kearney) Certainly. At the initial audit, it
22 would be identified that this next step would be
23 necessary. So, to answer your question briefly, the
24 initial audit would not include a blower door test.

1 If the homeowner -- or if the property was deemed as
2 needing additional measures, such as air sealing or
3 insulation, another audit would be scheduled at no
4 charge to the customer, where air sealing would be
5 done at that time. If it was deemed that air sealing
6 was necessary, a blower door would be performed
7 during that second audit.

8 Q. Before and after?

9 A. (Mr. Kearney) Correct.

10 Q. Okay. Hold that page there for a moment. But back
11 to the Exhibit 12, the rebuttal testimony of Mr.
12 Belair, at Page 12, Line 4, it states, "Given the
13 current economic conditions, the CORE utilities would
14 prefer to hire well-qualified New Hampshire
15 contractors whenever possible, and strive to do so."

16 And I guess my question is, do you believe
17 that's -- are you stating that as true for all the
18 CORE utilities, or PSNH in particular?

19 A. (Mr. Belair) I think that I'm going to speak for
20 PSNH. But working with all the other utilities, we
21 would certainly prefer to hire well-qualified New
22 Hampshire contractors to serve New Hampshire
23 customers if we have that choice.

24 Q. Okay. And I believe, and I'm not going to put my

1 fingers on this, but I think there was a comment
2 somewhere about sort of a response to Mr. Hill's
3 testimony, and maybe this is the combined comments
4 with regard to National Grid's program perhaps in
5 particular, about the efficiency of having a sort of
6 a single-source vendor provider at this point.

7 And I guess my question is for the National Grid
8 witnesses. Turning back to that Page 28 of 54 of
9 what's now Exhibit 20 -- is that correct? -- in the
10 third paragraph it says, for the electric program, a
11 travel at blank per day will be charged when CSG
12 staff conducts Tier II services in Lebanon, Hanover,
13 Monroe and Walpole, to cover additional travel time.

14 And I guess my question is, is it your feeling
15 that qualified vendors aren't available in the
16 Connecticut River Valley, such that it's necessary to
17 have this additional travel charge imposed for travel
18 for a Massachusetts vendor or -- I'm just wondering
19 how that's efficient.

20 A. (Mr. Kearney) There very well may be these
21 contractors. Currently, we are pursuing an avenue
22 that would allow independent contractors to also
23 participate underneath our lead vendor umbrella. And
24 that would, of course, be able to eliminate the

1 necessity to have that added.

2 Q. Okay. Do you have a sense of the timetable on that?

3 A. (Mr. Kearney) We are issuing the request for proposal
4 to administer the entirety of the services in
5 January, anticipating awarding the contract with
6 these amendments by the second quarter of 2011.

7 Q. Okay. Thank you. On Page 26 of Exhibit 2, the
8 original filing, there's a reference: "Due to the
9 market saturation of electrically heated homes in
10 different service territories, PSNH and UES are
11 proposing to serve high-energy-use homes, while NHEC
12 and GSE, Granite State Electric, and National Grid
13 will continue serving electrically heated homes."

14 Does that mean that PSNH and UES feel that there
15 is a fairly high market saturation in terms of
16 providing services to electrically heated homes, such
17 that it's useful to broaden the available audience,
18 and the Co-op and National Grid feel that there's
19 still electrically heated homes somehow
20 proportionally relative to their budget to serve more
21 electric customers, unless they're not providing the
22 program for high-energy-use homes? Or what does that
23 mean, in your words?

24 A. (Mr. Belair) From PSNH's point of view, we've done a

1 lot of marketing to electrically heated homes. We've
2 identified who they are. We've marketed to them.
3 We've sent letters to them. We've in the past, like
4 three years, we've done a lot of stuff to market to
5 electrically heated homes. We think we've exhausted
6 that avenue of trying to get them to participate in
7 the program. We've gotten many of -- we've served
8 many of them through the programs through the years.
9 And we feel like we don't -- we'll spend a lot of
10 marketing money and not get much return on that. So
11 at that point you figure out what do you do. And we
12 wanted to serve the next level of homes, which is
13 high energy use.

14 Q. Okay.

15 A. (Mr. Palma) Being a little newer to UES than Mr.
16 Belair is to PSNH, I believe we're in the same
17 position, as the number of electrically heated homes
18 has dwindled that are left. And we felt that the
19 fuel neutral would allow us to serve the next level,
20 which are high-use fossil fuel and -- not all cases,
21 but most cases -- non-gas-heated homes.

22 Q. Mr. Kearney.

23 A. (Mr. Kearney) Given the budgetary constraints of
24 Granite State Electric, we still do have the ability

1 to serve all of our electrically heated customers.
2 Specifically, electrically heated customers would be
3 eligible for both electric measures, instant savings
4 measures, such as lighting and things of that nature,
5 as well as insulation. Under our current structure,
6 we still are able to serve a fuel-neutral or an oil
7 or propane-heated home and provide them with
8 energy-saving measures for their lighting.

9 Q. On Page 28 there's sort of a description of --
10 there's a table that shows market transition
11 strategies and identifies market barriers for ENERGY
12 STAR® Lighting Program. And I was wondering if you
13 had -- if you would consider or if you have given any
14 thought to whether customer concern about disposal,
15 ease of disposal, or recycling of CFL lamps is a
16 potential market barrier for some customers.

17 A. (Mr. Belair) That's a good question. And we in the
18 past have worked with DES to, and our retailers, to
19 provide recycling at the place they purchase them
20 from. So we have a number of recycling retailers
21 that are on there. We try to do that to, No. 1,
22 comply with some of the new laws that are going on in
23 the state, and also to kind of take away that barrier
24 that customers have to give them an easy place to

1 recycle their CFLs.

2 Q. Okay. Thank you. On Pages 31 and 32 of the original
3 filing there's discussion about the Community Action
4 agencies having a right of first refusal to serve
5 low-income customers, and sort of a
6 dispute-resolution process that allows them to bring
7 the matter to the Commission for resolution if it's
8 not otherwise resolved.

9 I guess my understanding is this is being
10 adopted and approved as part of the proposed
11 settlement; is that correct? I mean, is there any
12 update on this situation relative to the Community
13 Action agencies' capacity?

14 A. (Mr. Belair) What's the question? I'm sorry. We
15 want to keep this in here, if that's what you're
16 asking.

17 Q. Right. Okay.

18 A. (Mr. Eckberg) And I spoke to the low-income portion
19 of the settlement earlier, and I would agree with
20 what Mr. Belair said, that it's certainly the OCA's
21 understanding that this component of the
22 administration of low-income weatherization program
23 is still part of the way the program is being
24 administered; that the Community Action agencies have

1 the right of first refusal to do low-income jobs.
2 There's been no discussion otherwise.

3 Q. Has there been thought given to whether they might
4 also -- might they have the ability to do some of the
5 work for high-energy-use homes that aren't
6 necessarily low income, including, for instance, in
7 the National Grid territory that's remote from
8 Massachusetts, where certainly the Community Action
9 agencies are already serving with energy auditing and
10 blower door tests and things for the Low-Income
11 Program?

12 A. (Mr. Belair) I think that's definitely possible. And
13 when we go out for solicitation of interest, I would
14 expect that if they wanted to participate, they would
15 put their name in.

16 Q. And would National Grid have anything to add on that?

17 A. (Mr. Kearney) I'm sorry?

18 Q. The question was whether there's any consideration to
19 the possibility that the Community Action agencies
20 could, although you don't have the high energy
21 program, you still have the Home Performance for
22 Electric Homes Program, I was asking if, where
23 they're already doing energy audit and contracting
24 services in the Low-Income Program, if you would

1 consider whether they might be able to provide those
2 services in your territory.

3 A. (Mr. Kearney) If they met the qualifications,
4 certainly.

5 Q. Okay. And earlier Mr. Steltzer asked about on-bill
6 financing programs that might -- and I think only two
7 were identified. One was the Greenhouse Gas
8 Emissions Reduction funded programs and PSNH's
9 program.

10 And I guess we don't have a witness from the New
11 Hampshire Electric Co-op. But I was wondering if
12 there could be perhaps some offer of proof or
13 explanation with regard to Page 45 of the original
14 filing, where the New Hampshire Electric Co-op
15 SmartSTART Program is described as being "available
16 to commercial members." Is that something that's
17 funded through the System Benefit Charge, and is that
18 a form of on-bill financing?

19 MR. DEAN: To make sure you get the
20 answer correct instead of an offer of proof, why
21 don't we swear Ms. Wood in so she can answer that
22 question.

23 Q. Okay.

24 (WHEREUPON, CAROL WOODS was duly sworn

1 and cautioned by the Court Reporter.)

2 CAROL WOODS, SWORN

3 A. (Ms. Woods) I want to make sure I understood your
4 question. We offer -- the Co-op is offering its
5 SmartSTART Program for our commercial members. It is
6 an on-bill financing program; however, it's not
7 funded by the System Benefit Charge. The program --
8 the System Benefit Charge dollars that are allocated
9 to this program are related to administration of the
10 program, and the financing dollars are provided by
11 the -- through the Co-op's company line of credit.

12 Q. Okay. That's helpful. Thank you.

13 On Page 49 of Exhibit 2, the next to the last
14 bullet under C says, "Customer generation which
15 exceeds 50 percent of the customer's annual maximum
16 KW demand will not qualify for services and
17 incentives." And I was just wondering if you could
18 explain just what that means. This is for, I
19 believe, a PSNH-specific program.

20 A. (Mr. Belair) If a customer has generation and their
21 load is 1,000 KW and their generation is 500 KW, then
22 they're not paying as much into the fund; so they
23 wouldn't qualify for this program.

24 Q. So what it's saying is if they have generation that

1 exceeds half their demand, they don't qualify for any
2 services or incentive. It's not reduced. But
3 rather, you have a formula that you describe, I think
4 in the next paragraph, for sort of a reduction in
5 their -- a correction of a incentive cap, if you
6 will, if they're less than 50 percent.

7 A. (Mr. Belair) If they're less than 50 percent, that
8 formula would work on the second bullet, yes.

9 Q. Okay. The other question I have on that page was at
10 the bottom of Page 50 it says, "PSNH reserves the
11 right to provide incentive payments in excess of the
12 caps on a case-by-case basis." What criteria might
13 you use to exceed the caps?

14 A. (Mr. Belair) The reason for the cap is to make sure
15 that one customer doesn't get all the funds, and so
16 that's why we put a cap on it in the first place. If
17 it's possible that we were, you know, towards the end
18 of the year, or we were going through a program
19 period and we were having lower than normal
20 participation, that was one reason why we might
21 consider exceeding the cap. We might exceed the cap
22 if there's economic issues with the company that
23 might be beneficial to help them get that project
24 done. We haven't -- I don't think we've done that in

1 a long time.

2 Q. So, generally, you wouldn't -- the cap would apply,
3 but except if you happen to have surplus funds or
4 some unusual circumstance.

5 A. (Mr. Belair) We haven't done it in quite a while.

6 Q. Okay. Thank you.

7 I guess I was too inquisitive as I was reading
8 through this. Let's see. I think I'm almost done
9 with the questions on the original filing, except
10 when we get to the gas, over to the gas utility
11 program side.

12 My first question is on Page 11 of the gas part
13 of the program submission. And there is a list of
14 residential high-efficiency heating program incentive
15 qualifications that are proposed, I believe for the
16 coming year. And the third from last item is Energy
17 Star-rated storage water heater, .62 energy factor or
18 greater, \$50.

19 And I guess my first question is, why are you
20 using -- have you -- why are you using a lower
21 standard than the current ENERGY STAR®? Or put
22 another way: Are you aware, according to the ENERGY
23 STAR® web site, beginning 9/1/2010, that standard has
24 been raised from .62 energy factor to .67 energy

1 factor to be ENERGY STAR®-qualified, high-efficiency
2 gas-storage hot-water heater?

3 A. (Mr. Palma) I'm going to defer the answer to Brian
4 Kearney at National Grid.

5 Q. Okay.

6 A. (Mr. Kearney) Thank you. This was filed on August
7 the 2nd. We were aware of the changes in September.
8 Gas Networks had had several meetings regarding this.
9 It has been decided in the Gas Networks regions that
10 this particular model, the .62, is going to be phased
11 out in 2011. Noting that the demand, the saturation
12 is not quite there yet, we still do achieve therm
13 savings as a result of this particular model.
14 However, we would be interested in adding or
15 replacing this .62 with the new qualified model that
16 came out in September.

17 Q. So, wouldn't it be a bit misleading to have a program
18 that says for an Energy Star-rated storage water
19 heater, when in fact it doesn't meet current ENERGY
20 STAR® standards?

21 A. (Mr. Kearney) Yes.

22 Q. Okay.

23 A. (Mr. Palma) If I could comment? I believe we had a
24 data request on this topic, and we outlined the

1 upgrade to the .67.

2 Q. I'm not aware of that data request.

3 A. (Mr. Palma) I don't have it in front of me, but this
4 topic did come up. And the Gas Networks consortium,
5 through the Massachusetts M&V study, had flagged this
6 as an issue. And it did come up in our tech
7 sessions. So we're pretty much -- I think we have it
8 covered. I can't tell you exactly how by not having
9 that data response in front of me, but --

10 Q. So that --

11 MR. STELTZER: Mr. Chairman, that was
12 a data request that the Office of Energy and Planning
13 had submitted, and we'd be happy to make that
14 available if they would like.

15 CHAIRMAN GETZ: Okay. Let's make that
16 Exhibit 21, the data response. And that's an OEP
17 data request?

18 MR. STELTZER: Yes, it was.

19 (The document, as described, was
20 herewith marked as Exhibit 21 for
21 identification.)

22 A. (Mr. Kearney) We'd be happy to make the adjustment to
23 the .67 effective, you know, on January 1st.

24 Q. Okay. That's helpful.

1 Does anybody, as part of the settlement, feel
2 that would violate the settlement? Or I guess that's
3 not the question. Does anybody have, on the panel --
4 see an objection to potentially moving to the current
5 ENERGY STAR® standard, minimum standard?

6 A. (Mr. Palma) The only -- I don't have an objection,
7 but I'm trying to just go by recollection. There may
8 have been a reason to raise the .67 to \$100 rebate
9 because of cost. So I wouldn't want to say here
10 emphatically that we would just substitute the .67
11 and the \$50 rebate. I'd rather have the research
12 from the data response to support that.

13 Q. Fair enough. Was there consideration given to
14 providing an additional incentive for condensing
15 hot-water heaters, gas hot-water heaters?

16 A. (Mr. Palma) Defer to Mr. Kearney on that.

17 A. (Mr. Kearney) Sorry. We're conferring.

18 MS. KNOWLTON: Before Mr. Kearney
19 answers that question, Commissioner Below, can we go
20 back to your prior question?

21 CMSR. BELOW: Sure.

22 MS. KNOWLTON: Because I believe that
23 the issue that you raised on the residential side may
24 also be an issue on the C&I side. And if you'd be

1 interested, the company would be glad to address
2 that.

3 CMSR. BELOW: Sure.

4 A. (Mr. Kearney) We intend -- it's our intention to
5 align similar models between both C&I and electric as
6 to, you know, provide consistent offering to the
7 customers. We are interested in aligning with the
8 other Gas Networks utilities in offering the .67 at
9 one point. Yeah. And it has been indicated in the
10 data requests that we asked that this new, higher
11 efficiency model, based on cost and availability, be
12 offered at \$100 rebate versus a \$50 rebate.

13 Q. Okay.

14 MS. AMIDON: And just for the record,
15 the relevant data request is OEP 1-2 for the gas
16 company. And I have a copy of this if you would
17 like, Mr. Palma, to read the question and answer into
18 the record. Or we can just file a copy with the
19 Commission.

20 CHAIRMAN GETZ: Let's just file it.

21 BY CMSR. BELOW:

22 Q. And I had moved on to a question about had there been
23 consideration to an additional incentive for higher
24 efficiency, condensing hot-water heaters.

1 A. (Mr. Kearney) Currently, when this was filed, these
2 were the considerations made as a result of the
3 study. We would be interested in, if there's energy
4 savings able to be achieved from the new model
5 emerging onto the market, we would absolutely welcome
6 the flexibility to add it into our portfolio.

7 Q. Okay. I guess I'll ask just a couple of short "would
8 you believe" questions just to develop this.

9 Would you believe that the U.S. -- that the
10 ENERGYSTAR.gov web site currently has a little banner
11 that says, "Save money and more with ENERGY
12 STAR®-qualified gas-condensing water heaters," and
13 states that they're not arriving until mid-2010.
14 "ENERGY STAR®-qualified gas-condensing water heaters
15 will deliver savings worth waiting for. Begin
16 planning for your next water heater replacement and
17 enjoy all these benefits." And it concludes by
18 saying, "Use the newest technologies. Pay less than
19 your neighbors for hot water when you install a
20 gas-condensing water heater. You'll take advantage
21 of the latest technology, while also being protected
22 by an eight-year warranty."

23 Okay. Would you believe that's what is
24 available on the ENERGY STAR.gov web site?

1 A. (Mr. Kearney) I would believe that.

2 Q. Okay. And they have that separately listed as an
3 ENERGY STAR® criteria: Gas-condensing with an energy
4 factor greater than .8. Do you believe that?

5 A. (Mr. Kearney) I would.

6 Q. Okay. And I guess the third question I have in that
7 regard is the additional opportunities for energy
8 efficiency in New Hampshire final report, January
9 2009, by TDS Associates. Would you believe that on
10 Page H5 and H6 it lists measure No. 99,
11 gas-condensing water heater, natural gas EF greater
12 than .8 as having a benefit cost ratio of 1.28
13 compared to measure Item No. 100, high-efficiency
14 water heaters, natural gas energy factor .67, which
15 has a benefit cost ratio of only .73; so that based
16 on the GDS study, it's just that gas-condensing water
17 heaters have a significantly better benefit-to-cost
18 ratio than plain old high-efficiency water heaters?

19 A. (Mr. Kearney) I would.

20 Q. Okay. Mr. Palma, would you believe that?

21 A. (Mr. Palma) I would believe that.

22 Q. Subject to check.

23 A. (Mr. Palma) Subject to check.

24 Q. Okay. Thank you. It's really small print.

1 A. (Mr. Palma) I'm a little unclear. Is the Commission
2 suggesting that we add in a condensing water heater
3 to our list of measures?

4 Q. I guess I'm asking about that as a possibility. I'm
5 not -- I'm one of three sitting up here. But it
6 wasn't an issue that was otherwise developed, so I
7 wanted to ask about that. Do you have any further
8 opinion?

9 A. (Mr. Palma) I don't know -- maybe Mr. Kearney can
10 clarify it. This may have been one of the measures
11 that was taken out because of the results of the --
12 the draft results of the M&V studies.

13 A. (Mr. Kearney) Thank you. I can't say with certainty
14 that it was on the list and then removed. The
15 portfolio as a whole was reviewed and deemed that,
16 based on availability and contracting housing -- cost
17 contracting supply houses, excuse me, cost to install
18 these particular measures, it was deemed that this
19 was the most appropriate portfolio mix at the time.
20 Going forward, we may look to add or remove measures
21 as they become more prevalent in the marketplace.

22 A. (Mr. Palma) The filing allows us to adjust as gas --
23 I mean, just to clarify. We're following Gas
24 Networks, but we're deeming this Gas Networks for New

1 Hampshire, because we made some adjustments based on
2 the draft study, which is somewhat still in draft
3 form in Massachusetts. The filing allows us to
4 adjust if Gas Networks was to, say, have a major
5 change in February; we could adjust if we agree with
6 some of those changes. I don't believe we can just
7 add a measure, based on what we filed. In other
8 words, if we decide we want to add a measure, we
9 would have to come back to the Commission for
10 approval. That's kind of where we stand on this
11 particular measure.

12 Q. Right. But your understanding is your filing allows
13 some incremental adjustments of the incentive levels,
14 or perhaps the qualification standards as they evolve
15 generally or --

16 A. (Mr. Palma) Yes.

17 Q. All right. Okay.

18 A. (Mr. Eckberg) If I might add, Commissioner Below? On
19 Page 16 of the settlement agreement, as you pointed
20 out, Section K of the settlement agreement does
21 specifically address this issue that you're speaking
22 to, of evolving the programs and adding new measures
23 or new programs in the 2012 program year. We
24 addressed that in the settlement agreement. So I

1 think we do have a mechanism where the parties can
2 discuss that and add a measure at that time, if not
3 before, or propose for addition.

4 Q. Okay. While we're mentioning the settlement
5 agreement, Exhibit 1, on Page 9, at the bottom of the
6 first paragraph, with regard to the work on the
7 performance incentive it states, "Staff will also
8 examine the availability of other resources, such as
9 the Northeast Energy Efficiency Partnership and the
10 Regulatory Assistance Project, to assist this working
11 group."

12 And I guess my question is, are you aware, as
13 the panel, that the so-called SB323 study, the
14 contract with VEIC includes a component of that scope
15 of work is to look at performance incentives for
16 utilities? And in fact, there's a specified
17 subcontractor optimal energy, I believe, to address
18 this particular issue.

19 So, I guess the question is, on behalf of the
20 settling parties, are you amenable to working with
21 the VEIC on that question as well and taking
22 advantage of their -- of this study to also provide
23 input into this working group?

24 A. (Mr. Eckberg) I can certainly say that if there is a

1 resource such as VEIC that is already available
2 through a defined scope-of-work contract that they
3 have who could assist this subgroup, we would be
4 happy to work with them, I believe.

5 A. (Mr. Belair) Yes.

6 A. (Mr. Cunningham) Yes, I would agree with that.

7 A. (Mr. Palma) I agree.

8 Q. Okay. On Page 13, part of the settlement agreement
9 is for PSNH to discontinue its practice of including
10 all non-SBC costs and energy savings in its
11 calculation of benefit cost ratio for programs, and
12 specifically, the Low-Income Program. And I'm just
13 sort of curious about that, because this was
14 obviously the subject of some testimony and rebuttal
15 testimony.

16 And my question is, is the normal practice of
17 how you determine benefit cost ratios looking at
18 the -- or total cost of the measure, regardless of
19 whether it's from the incentive or from the homeowner
20 or business, and then looking to see if the measure
21 overall has a positive benefit cost ratio, and then
22 the incentive contributes towards the cost? But
23 usually when you look at the BC, you're looking at
24 the total measure or group of measures; is that true?

1 A. (Mr. Belair) That's correct.

2 Q. And Mr. Cunningham, is part of your concern that, in
3 this instance, for the low-income programs, the
4 separate sources of funding are actually, in a sense,
5 doing additional extending the scope of the measures,
6 perhaps, but they're also -- I'm trying to understand
7 your concern that there was, you know, other counting
8 of the benefits perhaps for other programs, such as
9 the federally funded weatherization, low-income
10 weatherization activities. Was that part of your
11 original concern?

12 A. (Mr. Cunningham) The concern that I had on this,
13 Commissioner, was that the -- if I'm tracking your
14 question properly, the concern we have is that
15 customer costs for the Low-Income Program is zero.
16 So, technically, the filing is showing a million
17 dollars' order of magnitude of customer costs for
18 Low-Income Program that customers don't pay.
19 Low-income customers don't pay costs for the
20 Low-Income Program. Those costs are zero. So
21 technically, I have a problem of seeing a number in
22 the block that says customer costs in the Low-Income
23 Program are a million dollars.

24 Q. But to the extent, say a project is half funded with

1 SBC funds and half with DOE federal funds, might it
2 make sense to still look at the overall benefit costs
3 and allocate benefits 50/50 to each of the two
4 sources of funding?

5 A. (Mr. Cunningham) Well, one thing about this --
6 another thing about this issue pertains to the lack
7 of uniformity. PSNH accounts for these costs as
8 customer costs. All other companies account for --
9 show zero as customer costs for the low-income
10 program. So there's an inconsistency across the
11 utilities.

12 With respect to the point about putting all of
13 the benefits and all of the costs together to
14 calculate the benefit cost ratio, we start from a
15 principal standpoint with, well, is it right to show
16 revenue streams as customer costs? And we say no.
17 And the second point is, is it correct to then adjust
18 the benefit stream to reflect the fact that those
19 customer costs are removed; therefore, the related
20 benefit portion related to those revenues, leveraged
21 revenues, should be removed also, so that the
22 numerator and the denominator are apples to apples.
23 So that's kind of the way we framed it.

24 Q. So, your sense is if they move together, if a

1 particular -- if the program was half funded with
2 federal dollars and half with SBC funding, and you
3 simply apportion the energy savings 50/50 between the
4 two, you end up with the same benefit cost ratio by
5 excluding both half the cost and half of the
6 benefits?

7 A. (Mr. Cunningham) You would, yes.

8 Q. Even if -- okay. Good. Thank you.

9 A. (Mr. Cunningham) The question is, in our mind, to do
10 it any other way might be cost prohibitive, to try to
11 identify the savings related to funding sources other
12 than SBC.

13 A. (Mr. Eckberg) Mr. Commissioner, if I might add just a
14 little bit to Mr. Cunningham's response. The OCA
15 also addressed this issue in my prefiled testimony as
16 well.

17 Q. Right.

18 A. (Mr. Eckberg) The settlement provides resolution of
19 this issue currently, as it states here on Page 13,
20 by having PSNH discontinue the practice in order to
21 create uniformity in the approach. But I think that,
22 if I understand your question, you're wondering if
23 maybe simplifying the situation to create uniformity
24 might be oversimplifying the situation. And I would

1 just say that I think the parties could certainly
2 discuss this issue more, I mean, in the quarterly
3 meetings or in other venues going forward, because I
4 think this is a fairly complex issue. And the
5 resolution that's presented in the settlement here
6 seeks to try to keep the tracking of costs and
7 energy-efficiency savings calculations uniform across
8 the programs and the utilities, which we believe is a
9 good goal to have, though I think that there may be
10 other solutions as well. So I just wanted to
11 acknowledge your concern.

12 Q. Thank you.

13 In the settlement agreement at Pages 17 and 18
14 is the discussion of the Home Performance with ENERGY
15 STAR®. And I believe somewhere in the testimony,
16 perhaps it was Mr. Hill's, there was observation or
17 suggestion that some -- at least one statement, and
18 maybe it was Staff -- I can't really remember where
19 this came from. But there was observation that in
20 other states, locales have done a performance-based
21 approach for home efficiency, where the incentive is
22 not so much a function of the contracted cost, but an
23 incentive based on higher percentages of savings.

24 And I guess my question is, has there been any

1 thought given to whether that might make sense for
2 New Hampshire?

3 A. (Mr. Belair) When we did the filing this year, we
4 looked at how the pilot has been operating. And it
5 had been -- and many aspects of it have been very
6 successful. When we were working with EPA, Chandler
7 Von Schrader, they were very impressed with what we
8 were doing in New Hampshire and felt that we had the
9 right combination of incentives remove any potential
10 barriers customers may have to implementing
11 improvements. And they really wanted to see how it
12 was going to work out in New Hampshire. So we got an
13 affirmation that our program, the Home Performance
14 with ENERGY STAR® Program, as we were implementing it
15 here, was something that the EPA felt was a good
16 model. And so we didn't -- we felt changing it
17 without maybe having the evaluation done, where
18 they -- you know, they can look at the other
19 alternatives that we can do and we can have
20 discussions on the benefits and the drawbacks of
21 doing that. But we have customers that are very
22 happy about how this program is working. We're
23 getting good savings on it. And to mess with success
24 too much could derail that a little bit.

1 Q. Is the effect in the proposed change in the cap to
2 the less than 50 percent or \$4,000, does that mean
3 that the maximum investment that could be subject to
4 an incentive increases from, I believe, \$6,000 to
5 \$8,000, such that if somebody had \$8,000 worth of
6 measures, that 50 percent would be \$4,000, which is
7 the other applicable cap? Is that correct?

8 A. (Mr. Belair) That's correct.

9 Q. And I guess, is there any concern or thought about a
10 situation where there may be opportunities for
11 either -- that additional investment being
12 produced -- additional cost-effective savings, such
13 that whether there's any mechanism or -- is there any
14 concern that there's a disincentive at that point
15 because the incentive just abruptly goes to zero? So
16 somebody might do up to \$8,000, but even though
17 \$10,000 might be the ideal cost-effective package,
18 they wouldn't bother because the incentive just drops
19 to zero. Have you thought about that concern, or has
20 it come up at all?

21 A. (Mr. Belair) We've thought of that concern. And the
22 utilities feel very strongly that we want to get all
23 the cost-effective work we can get done while we're
24 there. We recognize that customers sometimes have

1 other priorities with how they spend their money, and
2 that might have an impact on it as well. We do have
3 the option, if a customer wants to split a job in
4 half and do half this year and half next year, then
5 they could probably, you know, do, you know, two big
6 projects. We're not seeing that right now. But we
7 do want to do everything cost effective while we're
8 there, because the most expensive thing you're doing
9 is showing up at the house and walking through it.
10 And we are looking at, you know, possibly tracking
11 what the customer's choosing not to do, so that we
12 can keep that -- we can kind of track that and see
13 what we can do about not letting that happen. And if
14 we need to make some midstream corrections, we can
15 talk about that at the quarterly meetings.

16 Q. And I guess, likewise, even just at the threshold
17 point of an audit, I think you've indicated that if
18 there's going to be an indication of substantial air
19 sealing or insulation, there typically would be a
20 blower door test before and after. But would
21 there -- what are the chances that there would be
22 thermal imaging, which usually costs more, but can
23 perhaps tell a lot if it's done in very hot or cold
24 weather?

1 I guess the question is, if I presume that the
2 thermal imaging is not normally done, is that a
3 correct presumption?

4 A. (By Mr. Belair) I think it's a correct presumption
5 that it's not normally done, but there are some
6 contractors that do use it.

7 Q. And if a customer wanted to have that as an add-on,
8 if they were aware of the potential benefits of that,
9 could they, by the selection of the audit contractor,
10 do that at their own expense? Or is there any
11 financial incentive for them to do a more thorough
12 audit in the first place?

13 A. (Mr. Belair) I think a customer can always pay extra
14 to get extra services done outside our program. As
15 part of the program, I think the incentive would be
16 in the identification and installation of the more
17 energy-efficient measures. So if a customer happened
18 to be working with someone who -- and he said I don't
19 think I have any insulation in my walls, could you do
20 a thermal image on it, and they happen to have a
21 camera, they could probably do that. It might be an
22 added charge to the customer. Or it might be -- I'm
23 not quite sure how it would work with the contractors
24 who have thermal imaging cameras right now.

1 Q. But to your knowledge, you would allow that at the
2 customer's expense as part of the audit you're doing,
3 because, as I understand it, thermal imaging is often
4 most effective in conjunction with the blower door
5 test, particularly for detecting concealed air
6 leakage or ex filtration.

7 A. (Mr. Belair) Yes.

8 Q. Mr. Palma?

9 A. (Mr. Palma) We would allow the thermal imaging tests,
10 and then, as Mr. Belair stated, any measures that
11 came from that would be included in the list of
12 measures, as long as they were cost effective.

13 Q. For the Co-op or National Grid, do you have an answer
14 to that question?

15 A. (Mr. Kearney) Similar to PSNH and Unitil, we would
16 also, if the customer requested thermal imaging, we
17 would allow that. It does identify points of leakage
18 or areas of missing insulation. But the blower door
19 test is really the key indicator to identify how well
20 a home has been tightly sealed or not. And we rely
21 on those tests for our savings calculations, not the
22 infrared imaging.

23 Q. Right. But you're saying you'd allow it, presumably
24 at the customer's expense, but as part of the same

1 audit, if the auditor was able to do that.

2 A. (Mr. Kearney) Certainly.

3 Q. Okay. Ms. Wood?

4 A. (Ms. Woods) I don't have anything new to add, but we
5 would also do the same.

6 Q. Okay. Thank you. I think that's it, finally. Thank
7 you.

8 (Chairman and Commissioners
9 conferring.)

10 CHAIRMAN GETZ: Commissioner Ignatius.

11 INTERROGATORIES BY CMSR. IGNATIUS:

12 Q. Good afternoon, gentlemen and Ms. Li. I have a
13 number of questions about the process. And I want to
14 be sure that we have the same understanding that all
15 of you who joined in the settlement agreement had in
16 your discussions, because we're going to be living
17 with this, these programs, for the next couple of
18 years. And if the settlement agreement is approved,
19 we'll be living with the structures that you set in
20 place. And to the extent you didn't think about
21 this, that's a fair answer. I just want to be sure
22 that we know what you were anticipating.

23 Throughout the agreement there are opportunities
24 for changes. Sometimes they say coming to the

1 Commission for approval, sometimes they don't say
2 that quite so explicitly. And nowhere do I see
3 anything that says how you would bring it to the
4 Commission or what the Commission should do before it
5 could act on it. So that's a very long lead-in into
6 what I'm curious about. I can go through them
7 section by section, but if it's easier to talk
8 generally, I'll do it that as well.

9 For example: Is there an anticipation that any
10 of the changes that might come forward would require
11 notice and hearing, discovery, this sort of process,
12 a full adjudicative process for amending an order
13 that we would see? Or was there an anticipation of
14 something more streamlined that could be done more
15 quickly, and possibly even on paper submission of
16 written statements and letters back and forth, rather
17 than a full evidentiary hearing?

18 MS. HATFIELD: Commissioner, could I
19 just --

20 CMSR. IGNATIUS: Yes.

21 MS. HATFIELD: From the OCA's
22 perspective, I might be better suited to respond to
23 that than my witness. But I can let the other
24 parties respond if they'd like to.

1 CMSR. IGNATIUS: That's fair. Do you
2 want to address it right now?

3 MS. HATFIELD: Sure. I think that the
4 specific -- one specific area that at least we had in
5 mind, that if a formal proposal needed to come to the
6 Commission and kind of go through the whole process
7 is on Page 18, the section that I asked Mr. Belair
8 about, which is, if PSNH and/or Unitil were to
9 continue either the pilot of the Home Performance
10 with ENERGY STAR®, or a full-blown program, that we
11 tried to build in time to allow that process to
12 happen in 2011.

13 I think with respect to a lot of the
14 other places where we might need to seek approval, I
15 think what we had in mind was to really try to use
16 the quarterly meetings as a place to have those
17 discussions and try to reach agreement and have a
18 collaborative approach where possible. And I think
19 it needs to be flexible, keeping in mind when certain
20 decisions need to be made. But I think that if the
21 parties all agreed on a particular change, that it
22 would be possible for us to perhaps put that forward
23 and say this is a consensus proposal and suggest
24 perhaps the Commission use a nisi order type of

1 approach rather than the full-blown hearing and
2 discovery process. But I think, you know, because
3 there are so many different types of ranges of
4 changes that could happen, that we didn't really pin
5 it down in every case. That's my perspective.

6 CMSR. IGNATIUS: Thank you. That's
7 very helpful.

8 Is there anyone else who is a
9 participant, maybe counsel, who has another view
10 either confirming or a different approach? Ms.
11 Knowlton.

12 MS. KNOWLTON: I do. One point that I
13 wanted to raise -- I know there's a provision on Page
14 16 of the settlement, in Section K, that says that
15 any proposed program changes for 2012 shall be filed
16 with the Commission no later than September 30th,
17 2011. From my perspective at least, National Grid
18 has been participating in dockets here before the
19 Commission on the gas side that have been
20 multi-termed dockets for a number of years. Gosh, I
21 think back to 2002 or 2003, we had two
22 three-year-term approvals on the gas
23 energy-efficiency programs, and then the latest one,
24 which I believe was an 18-month approval. And

1 historically what's happened is, before the next --
2 there's been language similar to this that I just
3 pointed out on Page 16, that there's been a filing
4 that's preceded the next program year. And what on
5 the gas side we've done historically is if there are
6 no changes, then we've typically -- I've written a
7 letter on behalf of the company to the Commission,
8 and copied the parties, informing them that there are
9 no changes to the programs that were proposed and
10 approved by the Commission for the three-year term;
11 or if there are, then, you know, we have filed
12 something. It's always been on paper. There's never
13 been a hearing or discovery on that. And, in fact,
14 typically we've never even received any response from
15 anybody. So they just -- you know, the company makes
16 the changes. And, you know, from my perspective,
17 that's been a process, you know, that has worked.
18 And I think in this docket, you know, now that the
19 gas and the electric utilities are -- the programs
20 are all together, and there are quarterly meetings,
21 which was not something on the gas side, I think
22 there are lots of opportunities for the parties to
23 discuss, you know, potential changes that might be
24 coming. So that certainly was my understanding of

1 generally how this would work. There are
2 programmatic changes that can be made, transfers of
3 funds. You know, whether it's under 20 percent or
4 over 20 percent, National Grid -- we have provided
5 written notice to the Commission and the parties in
6 the past with regard to those types of transfers or
7 proposed transfers of funds. And, you know, I think
8 it's a system that's worked. And I don't think this
9 docket needs to become overly litigious or we need to
10 necessarily be in the hearing room every time.

11 CMSR. IGNATIUS: Is there -- Mr.
12 Linder, do you --

13 MR. LINDER: Just to add to what
14 Attorney Knowlton said, on Page 18 of Exhibit 1, that
15 page does refer to the processes for interim changes
16 in the budgets. It's just a page reference as backup
17 for what Attorney Knowlton just indicated.

18 CMSR. IGNATIUS: I'm sorry. Where are
19 you?

20 MR. LINDER: Page 18 of Attachment
21 A --

22 CMSR. IGNATIUS: Yes.

23 MR. LINDER: -- which is the filing.
24 It describes the process if there were to be a

1 proposed change in the budget. In other words,
2 transfers from, say one sector to another sector,
3 that process is laid out there.

4 CMSR. IGNATIUS: Thank you.

5 MS. KNOWLTON: And there's similar
6 language in the gas filing on changes in program
7 budgets. Page number -- it's Page 10 of, I think
8 that's Exhibit B to the settlement agreement.

9 CMSR. IGNATIUS: All right. And Ms.
10 Fischer, did you have something on that issue?

11 MS. FISCHER: I just have a comment.
12 We're very interested in the docket being as nimble
13 as possible. We're not interested in revisiting all
14 of the details back and forth. But should there be
15 an enlightenment on the part of all the parties that
16 there's a different model to approach contractors or
17 that advertising dollars would be better spent in
18 another way, we don't want to be thwarted, in that
19 we'll have to discuss this after September 30th,
20 2011. It's important in this environment that we
21 have all the tools at our disposal. So, however,
22 that gets put into the document, the language and the
23 rest of it, we would encourage it to be as nimble as
24 possible.

1 CMSR. IGNATIUS: Thank you. I take it
2 the comments are really reinforcing that the
3 quarterly meetings will be the place where you not
4 only will get updates on how things are going and
5 some greater specification of what will happen at
6 meetings and what will be reported on, but also
7 developing suggestions for modifications and things
8 that might come to the Commission for some change.
9 And so if that's an accurate description of how you
10 see the quarterly meetings going, I guess I would
11 encourage people to think about developing joint
12 recommendations where there is a consensus around
13 something on paper and that that be a vehicle for
14 what otherwise would be a more formal discovery
15 process by opening a new phase of this docket and
16 sending everybody out to work through technical
17 sessions. Those really are technical sessions and
18 can be used that way. If anyone disagrees with that,
19 please speak up, because it seems like it sounds like
20 from nodding that that's sort of how people see those
21 quarterly meetings developing.

22 (No verbal response)

23 CMSR. IGNATIUS: Good. Thank you.

24 There is one specific provision that

1 doesn't speak to Commission approval I wanted to just
2 double-check on.

3 On Page 16 on the marketing plan,
4 Section L, it says that a marketing plan and a budget
5 will be developed for each year. It doesn't say "for
6 Commission approval." Is that just -- will that be
7 developed with an informational filing, or is it
8 anticipated that it would actually receive Commission
9 approval? And I think in last year's process, if I
10 remember correctly, it was just an informational
11 filing, and no Commission action followed the
12 submission of that. Is that --

13 MS. AMIDON: That's what we envision,
14 and we plan to use the quarterly meeting to discuss
15 the plan with the utilities.

16 A. (Mr. Eckberg) And I addressed this section of the
17 settlement agreement earlier, and I would agree that
18 our intention was that this would be just an
19 informational filing. And the purpose of this
20 section is just to ensure that there's an ongoing
21 dialog about energy-efficiency marketing efforts at
22 the quarterly meetings and to ensure that utility
23 marketing efforts are in line with and in
24 consideration of other activities from other groups

1 or organizations that may be involved in energy
2 efficiency in the state. So we're just trying to be
3 mindful of the comprehensive approach to these
4 matters.

5 CMSR. IGNATIUS: Thank you.

6 BY CMSR. IGNATIUS:

7 Q. Mr. Cunningham, on Page 11 of Exhibit 1, the
8 settlement agreement, the section on M&E reports,
9 there is a reference -- I'm not finding the
10 reference. But in other testimony there's discussion
11 of possible consultants that might be brought forward
12 to assist in the M&E process, and specifically, the
13 Regulatory Assistance Project was one of them. I'm
14 blanking on the other one. I apologize.

15 MS. AMIDON: Commissioner Ignatius,
16 that was in the Performance Incentive Work Group, by
17 way of reference for you.

18 CMSR. IGNATIUS: I'm sorry. Thank
19 you. Wrong group.

20 BY CMSR. IGNATIUS:

21 Q. Just to close that out then -- and that's my mistake,
22 Mr. Cunningham -- is there any intention for M&E that
23 there would be retaining of any outside consultants
24 beyond your comments in response to Commissioner

1 Below that you'd be happy to work with the consultant
2 hired for the 323 study, VEIC?

3 A. (Mr. Cunningham) Yes, there is a study that we have
4 pending to release an RFP for a multi-year M&E
5 evaluation plan. And the idea of that RFP would be
6 to hire a consultant to help us to look down the road
7 three to five years to see what the requirements are
8 for the programs that we have that we're running.
9 One of those requirements would be the ability for us
10 to maintain our funding source from the ISO for
11 forward capacity market payments, for cycling of
12 certain impact studies; how would such a plan be set
13 up. And so in the mill right now is a multi-year M&E
14 evaluation plan that would address your point.

15 Q. Have you and other members, other parties talked
16 about ways that that might be coordinated with the
17 Senate Bill 323 study?

18 A. (Mr. Cunningham) My manager, Tom Frantz, is mostly
19 driving the bus, that bus. He gives me direction
20 with respect to decisions that he makes with respect
21 to those coordination activities, and then I try to
22 comply with his requests.

23 Q. Well, to the extent that the timing works and there
24 are common issues, it would make sense to be sure

1 we're not working at cross purposes or missing
2 opportunities.

3 A. (Mr. Cunningham) Right.

4 Q. The funding for the program is assuming that the
5 legislative change in the funding allocations goes
6 back to normal, the way it was before the temporary
7 readjustment: The greater funding on the low-income
8 side and less on the energy-efficiency side from the
9 SBC.

10 Is there a plan in place for what to do if the
11 legislature extends that allocation system that's now
12 in place beyond the date that it's supposed to
13 expire, or otherwise changes the funding for the
14 energy-efficiency programs?

15 A. (Mr. Belair) I don't think there's anything in place.
16 There's no backup plan. I think what would happen is
17 we would just reduce the total budget and probably
18 reduce all the programs equally.

19 Q. Is that something that the quarterly meeting could
20 address once -- if there is any legislative action on
21 that front?

22 A. (Mr. Belair) Yes.

23 A. (Mr. Palma) If I could add?

24 Q. Please.

1 A. (By Mr. Palma) For Unitil, it may not work out for us
2 specifically to reduce everything proportionately.
3 You know, after, say, three months of work, it may
4 turn out that we need to be filing a new budget
5 because of activity that happened in the three
6 months. So I just don't want to leave that door
7 open.

8 A. (Ms. Woods) And we would do the same thing. We would
9 look at how the programs are performing, where the
10 customer interest seems to be. And we did the same
11 thing last March when we resubmitted budgets and
12 found that there was greater market demand in some
13 areas.

14 Q. I assume that if there is legislative action that
15 changes what ends up being the funding for the next
16 two years, that the parties would set to work in
17 making a recommendation on how to respond to that
18 rather than waiting for a Commission request to do
19 so. Is that fair?

20 (No verbal response)

21 Q. I see nods. Thank you.

22 A. (Mr. Belair) Yes.

23 Q. And I'm not aware of anyone planning on changing it.
24 I just -- it's happened before, so I want to think

1 about how to deal with it from a process perspective
2 if it happens again.

3 A. (Mr. Eckberg) Pardon me, Commissioner. I was just
4 going to say that, yes, I'm sure that the parties
5 would act in a very timely manner if the legislature
6 did anything to change the funding. Last year, I
7 believe the utilities worked very diligently and
8 acted very responsibly to respond to that change in
9 funding for the energy-efficiency programs. And I'm
10 sure we would expect to see the same response again.

11 Q. Thank you. I want to ask a couple questions about
12 the contractor issue and how people are able to
13 participate in these programs.

14 It's clear from reading the testimony of
15 Mr. Hill, and then some of the comments today from
16 him and from Ms. Fischer, that there is some
17 frustration in the ability of companies to get into
18 the game who haven't already been participating in
19 it. And it's also clear from some of the testimony
20 today and some of the provisions in the settlement
21 agreement that there are efforts to bring more
22 participants into the contractor pool. How quickly,
23 I guess, do you -- I'm not even sure how to phrase
24 this.

1 Let me ask the utilities first. Do you think
2 that the provisions in the settlement agreement
3 themselves are sufficient to bring in new contractors
4 to this field, or are these transitional steps and
5 that there will be yet other provisions in the future
6 that would be maybe -- cast a wider net or a broader
7 opportunity for contractors. Mr. Kearney?

8 A. (Mr. Kearney) Thank you. On behalf of National Grid,
9 we do see it as an evolutionary approach in our
10 model. In years past, based on the size of our
11 territory and the efficiencies of operating in other
12 states, we have gone under a single implementation
13 model. However, we are aware that, based on the
14 highlighted points from Commissioner Below, while our
15 audit costs are quite low, in spite of travel
16 expenses and things in addition to that, we recognize
17 the need to also provide some transformation and
18 create new job growth while providing consistent
19 offer to our customers. Regardless of territory or
20 regardless of need, we do want to maintain that
21 consistent offer. So that is something of
22 significant importance to us.

23 We also want to ensure that the amount of --
24 that we don't overstate the amount of available work,

1 based on the need and the size and scale of not only
2 the budgets, but customer demand. There is a
3 balance, and it needs to be done to what I believe is
4 at a stepped approach. And I think we are working
5 towards that, National Grid, in particular, in
6 aligning with the other CORE utilities throughout the
7 course of the 2011.

8 Q. Okay. Anyone else with a response to that?

9 A. (Mr. Belair) We agree with what Brian had said. And
10 it wasn't too long ago we had very few BPI-certified
11 contractors in the state. And, you know, working
12 with the community technical colleges, you know, that
13 number has increased. And there are -- we do have
14 some -- there's a lot more contractors out there or
15 people who have been BPI-certified. PSNH went from
16 four contractors to 16 in the last, you know, two
17 years. So we've gone up four times what we have had.
18 But there are a lot of minimum qualifications that we
19 have, and I'd just like to share some of those with
20 you, just so you know it's not anyone that passes
21 that's eligible to be a terrific home weatherization
22 contractor. But we require that they have BPI
23 analyst certification or a HERS rater; that they're
24 registered with the State of New Hampshire as a

1 business; that they carry appropriate levels of
2 insurance; that they, you know, adhere to and sign a
3 confidentiality agreement when using customer data;
4 they agree to the pricing and terms we have; and they
5 have demonstrated competency in audits and installing
6 energy-efficiency improvements.

7 So there is -- I have a daughter who's going to
8 graduate from college someday. And, you know, I'm
9 hoping she's going to get a job, too. But I know
10 that the job market is, you know, not always there.
11 We're trying to get as many, you know, of these
12 qualified into our program as the budget will allow.
13 And we are trying to not say no to, you know, people
14 who call up, you know, see if they can work under
15 other approved contractors. And just to share
16 something with you: A contractor was hiring, needed
17 two more auditors, and had 50 applicants and chose
18 two. So the contractors out there are having -- you
19 know, they're trying to find jobs, just like anyone
20 else getting out of college or, you know, taking a
21 course. So we're trying to facilitate that the best
22 we can.

23 Q. Thank you. Anything else?

24 CMSR. IGNATIUS: Ms. Fischer?

1 MS. FISCHER: If it's appropriate, in
2 some of our discussions with the utilities, and also
3 in the various work groups, we've suggested that the
4 utilities might want to spend some time and money to
5 look at what's happening across the country. There
6 are models that may be able to be adapted to New
7 Hampshire that would not over-promise work, but would
8 take the dollars that are available through the CORE
9 programs and then leverage those with other dollars,
10 both private and public, and sometimes just some
11 Yankee ingenuity, to start to address this.

12 Kendall Buck, serves on the Climate
13 Collaborative, representing Home Builders &
14 Remodelers Association contractors across the state.
15 And the goals that have been outlined not only
16 through that effort, but some work that the EESE
17 Board has done, are huge. They're huge. In some
18 cases, we're talking 40, 50,000 units a year. And
19 we're not suggesting that the CORE programs would be
20 the be all, end all for attacking that huge number.
21 But they could be a huge tool if positioned correctly
22 to start to address those things. And so I think
23 sometimes the CORE programs limit themselves because
24 they only have so much money. But we think that that

1 money could be leveraged to help address a larger
2 problem. So that's our encouragement. We think that
3 the market and the talent out there for qualified
4 contractors -- and I've run construction companies.
5 And most days I want to kill my subs. But with a
6 proper level of understanding of what's expected, you
7 can get those contractors. Trane spent a lot of time
8 and money this last year providing those educational
9 opportunities and, more importantly, get them to
10 raise the bar. This is not rocket science. It is
11 just doing a job right and doing it once and having
12 the tools, both skill sets from contractors as well
13 as the analytical tools, to do the job.

14 So we'd like to see the Commission
15 suggest to the utilities that they come up with an
16 alternative plan while they're doing what they're
17 doing within the first quarter of 2011.

18 CMSR. IGNATIUS: Thank you.

19 MS. FISCHER: Thank you.

20 CMSR. IGNATIUS: A couple of questions
21 on the M&E funding issue that we talked about before
22 the break. And this is really in follow-up to Ms.
23 Knowlton's statement, that we were right at the end
24 of the year for some companies and that invoices need

1 to be received immediately. I don't know if the
2 witnesses have that level of information to come to
3 the specifics about billing invoices and timing. And
4 if not, maybe address it to counsel. But let me ask.

5 For Granite State and EnergyNorth,
6 what is the deadline for submission of invoices in
7 order to clearly identify the final unspent amount?

8 A. (Ms. Li) It would be tomorrow.

9 Q. And that's because there's certain process days you
10 need to work things through in order to reach a
11 December --

12 A. (Ms. Li) Yes, our company officially closes its 2010
13 books.

14 Q. On?

15 A. (Ms. Li) Tomorrow.

16 A. (Mr. Kearney) Yes, internally, we are closing our
17 books to provide accounting to basically catch up.
18 We, in the energy-efficiency department, are stopping
19 on Friday. I imagine throughout the period of next
20 week they will be making sure that everything is --
21 looks right, is correct.

22 Q. Is that schedule the same for PSNH?

23 A. (Mr. Belair) I think if we got a bill in the next
24 week, I think that would be fine, by the end of next

1 Friday.

2 Q. And for Unitil?

3 A. (Mr. Palma) I'm not certain of the day. I think it's
4 tomorrow. But it may have already passed.

5 Q. Is there any reason why the utilities -- oh, I didn't
6 ask the Co-op. I didn't mean to ignore you here.

7 A. (Ms. Woods) I hesitate to answer. They're probably
8 not going to like me. We probably could go to the
9 middle of January. But it's very imperative that
10 it's clearly identified to be a 2010 invoice.

11 Q. Is there any barrier that any of the utilities see to
12 a Commission directive to roll over unspent M&E funds
13 and place them into the 2011 M&E account? I realize
14 you may not be able to do that on your own. But if
15 you were directed by the Commission, is there any
16 reason why you believe that wouldn't work?

17 A. (Mr. Palma) None from Unitil.

18 A. (Mr. Belair) I don't see -- are you saying carry over
19 M&E dollars --

20 Q. Yes.

21 A. (By Mr. Belair) -- into the next year's M&E budget?

22 Q. Yes.

23 A. (Mr. Belair) I don't think there's a problem with
24 that.

1 (Chairman and Commissioners
2 conferring.)

3 CHAIRMAN GETZ: Well, before we get
4 there, I'm going to make sure at least I understand
5 it, hopefully, and maybe other people already do,
6 what the issue is here, because I think it started
7 with, I think, how to use the M&E funding money
8 potentially for the system -- the SB323 study. And I
9 think Ms. Knowlton raised the issue of, hey, in the
10 normal course of business, we're closing our books,
11 and so we may not be in a position to move money on
12 our own. Is that a fair characterization, Ms.
13 Knowlton, of where we are, at least in your mind?

14 MS. KNOWLTON: Yeah. Well, two --
15 yes. I mean, if an invoice isn't received, then the
16 company can't -- within a certain time frame, the
17 company can't pay it. It also can't pay an invoice
18 for services that actually haven't occurred yet or
19 been rendered.

20 CHAIRMAN GETZ: That's just in your
21 normal accounting, in your normal practices.

22 MS. KNOWLTON: Yes. The company's
23 accounting practices, yes.

24 CHAIRMAN GETZ: But if we were to

1 order you how to use money from this year or next
2 year from any of the System Benefit Charge funding or
3 from some subaccount or whatever, you would just
4 implement it? Is there some barrier to us --

5 MS. KNOWLTON: Well, I'm not sure. I
6 hesitate to say I assume so. But if the company is
7 ordered to do something, as long as it doesn't
8 violate, you know, any other legal obligation that
9 the company has, the company absolutely would comply
10 with a Commission order. I'm not an accounting
11 expert, and I don't know whether's there's particular
12 accounting standards that might be implicated by
13 this.

14 The other thing I just felt compelled
15 to say, and I think I've said this before, which is
16 you absolutely could issue that order. There might
17 be zero to roll over. And we're going to answer that
18 record request so you know what there is. And I
19 certainly would be glad to take a break and try to
20 call somebody in the company's accounting department
21 and find out, you know, an answer to your question.

22 CHAIRMAN GETZ: But I think, putting
23 the dollar issue aside, which is what it is, I think
24 the concern that was raised in your first statement

1 was first addressing this issue with the books are
2 closing. All our options are closed, and we could --
3 we need to act before your books closed. And that
4 struck me as unlikely.

5 MS. KNOWLTON: I don't... it seems to
6 me that it's a relatively simple thing to issue an
7 invoice. I realize that still doesn't -- you know, I
8 spoke with Mr. Ruderman on the break and said, you
9 know, could you just -- could an invoice be generated
10 and e-mailed to Ms. Li so that the company has it in
11 hand? I mean, I realize there's still a second
12 issue. And I don't know whether this is an issue for
13 other utilities. Can they pay an invoice for
14 services that have not been performed yet? You know,
15 or maybe the invoice -- you could issue the invoice,
16 but the invoice wouldn't be due for some period of
17 time until the services were performed.

18 CHAIRMAN GETZ: Mr. Dean, did you have
19 something?

20 MR. DEAN: Well, I don't know how
21 enlightening it will be. But I think in talking with
22 Ms. Woods, from our, the Co-op's perspective, if the
23 Commission issues an order that the Co-op pay, spend
24 X-number of dollars in SBC funding, I guess it's a

1 lawful order, which I assume it would be, then it's
2 going to be able to do that. So the real question
3 just becomes, you know -- for example: I think
4 Ms. Woods pointed out the issue of if it's for
5 services that have already been rendered -- or
6 haven't been rendered, that's an issue that frankly
7 the PUC auditors come in and say shouldn't be -- you
8 know, you shouldn't be putting this in a calendar
9 year that work wasn't performed in that calendar
10 year. I'm presuming if we do it according to a
11 Commission order, that's not going to be an issue.
12 So I think, implementation-wise, there may be some
13 hoops to jump through. But I think it's our
14 expectation that if we're ordered to expend dollars
15 and account for it as 2010 or rollover money and
16 account for it that way, that it can all be accounted
17 for. But that's -- you know, we don't have the
18 accounting department with us, so we may be out on a
19 limb.

20 CMSR. IGNATIUS: Let me just try to
21 make clear what I think our interest is. We have not
22 looked at this letter, other than it being introduced
23 as an exhibit this morning. Haven't discussed it,
24 there is no decision about it. But there is a

1 suggestion that if money isn't somehow invoiced, it
2 will be gone. It can't be tapped for this in the
3 future. And that sounds like it would make the
4 recommendation of the letter, to take what those
5 drafting it, I take it, believe was \$280,000
6 available to put towards this program, might make it
7 vanish.

8 So I think what we're looking at is,
9 in the meantime, while we consider the request, is
10 there a way to preserve the funding, either by
11 setting it aside or rolling it over, so that if we do
12 make a decision that it's appropriate, there's still
13 money there to work with that hasn't somehow gone
14 into some pool that can't be pulled back from. We're
15 not looking to make invoices for things we don't
16 know. We're not deciding that it's appropriate yet.
17 We don't want to be kind of ginning up an invoice
18 that isn't for real. That doesn't seem to be
19 helpful. But to preserve those funds through a
20 rollover or some other kind of escrow while we figure
21 out what's appropriate is what I'm trying to get at.

22 A. (Mr. Palma) I'd like to just explain what was
23 explained to me just this week.

24 At Unitil, an example would be if we had 100,000

1 left over in M&V and 500,000 in C&I, that would all
2 roll into the following year, 600,000. Some
3 determination needs to be made as to how will that be
4 spent. And I don't know how that -- I don't know the
5 second half of that equation. But if you gave us an
6 order that said I need you to spend that 100,000, I
7 need you to put that 100,000 in your M&V budget, and
8 then sent us an invoice with an order that then said
9 you need to pay this \$100,000, we can do that. So,
10 typically, it would all go into one bundle that has
11 to be determined how to break it out. But you're
12 making an exception to an order. We can certainly --
13 just like Mr. Dean said. We can certainly adhere to
14 that order without violating any accounting rules,
15 that I know of. I think those rules are really
16 internal to how we've done our carryover in the past.
17 And I'm not sure where that is documented.

18 CHAIRMAN GETZ: Ms. Goldwasser.

19 MS. GOLDWASSER: I just want to be
20 clear on what Commissioner Ignatius asked before the
21 Commission caucused and make sure that it's clear.

22 The question is: Of the money that
23 would roll over, that would roll over into 2011 M&E
24 and not other money that was budgeted. Because as

1 Attorney Knowlton said, I don't know that anyone here
2 can tell the Commission today what's been spent in
3 those buckets for each of the companies. And since
4 there is some moving of money between buckets, there
5 may be companies that have more or less money left in
6 their M&E accounts for 2010. So I just caution that
7 if an order issues, that it not be directed towards a
8 particular amount of money, but towards what is left
9 in that bucket, or some other similar phrasing,
10 because that would be my concern.

11 CHAIRMAN GETZ: And I think that's on
12 Page 11 of the settlement agreement. It talks about
13 funds which have not been spent. I think that's the
14 focus. You would agree?

15 MS. GOLDWASSER: Yeah. No, I just
16 wanted to be clear about that.

17 CMSR. IGNATIUS: I have nothing else.

18 CHAIRMAN GETZ: Well, let's see. Is
19 there anything else that anybody has on that issue?

20 A. (Mr. Cunningham) I think I might add, if my
21 recollection is correct, and Alan Linder may be able
22 to confirm this, when we first restarted the gas
23 programs, the Commission order set aside any
24 carryover of low-income funds to the Low-Income

1 Program for the following year. And I think that's
2 what I hear Commissioner Ignatius asking: Can we do
3 that for M & E? So I think there is a Commission
4 precedent.

5 MR. CUNNINGHAM: Am I right on this,
6 Alan?

7 A. (By Mr. Cunningham) Okay. There's a Commission
8 precedent that goes back through the last six to
9 eight years of gas energy efficiency that
10 specifically earmarked any carryover of low-income
11 funds for low-income programs for the following year.
12 And it was -- it couldn't be touched for other
13 residential programs.

14 CMSR. BELOW: And if I may? The point
15 was it increased the budget for the low-income
16 programs from what it would otherwise be by the
17 amount of that carryover. That's the point; right?

18 A. (Mr. Cunningham) Yes. Yes. Correct.

19 Q. Okay.

20 MS. KNOWLTON: I have one possibility
21 or suggestion to throw out there for consideration.
22 My utility colleagues might kill me. But it could be
23 to not limit the order to rolling over the M&E, any
24 unspent M&E funds, but just any unspent funds,

1 period, from 2010, regardless of the sector. Well,
2 Alan probably wouldn't want to take the low-income
3 money. But any other unspent funds, roll those over
4 to next year and set them aside for that particular
5 M&E obligation. And I think it's possible, at least
6 speaking for National Grid, if that approach were
7 adopted, that there might be dollars in the bucket.

8 CHAIRMAN GETZ: Well, I think the key
9 being we'll need to see the answers to the data
10 requests and how much money has been unspent and in
11 what categories, and then I guess we can make a
12 judgment based on that.

13 MS. AMIDON: Just a procedural
14 observation. In the settlement agreement, it just
15 talked about unspent M&E money.

16 CHAIRMAN GETZ: Yes.

17 MS. AMIDON: So if you're thinking
18 about other buckets of money, it would have been in
19 the settlement agreement, assuming that the
20 Commission is inclined to approve the settlement.

21 CHAIRMAN GETZ: Ms. Hatfield.

22 MS. HATFIELD: I'm sure the Commission
23 will review this. But Senate Bill 323 itself
24 actually states the Commission shall use, in the

1 first instance, available funding for monitoring,
2 evaluation and verification of the existing programs.
3 So that has to be a consideration as well.

4 CHAIRMAN GETZ: So it gets back to my
5 basic point of we got to see what money is where and
6 then we'll make a decision.

7 Anything else on that issue? Mr.
8 Eaton.

9 MR. EATON: We would hope that if the
10 percentages that are on that last page of, or next to
11 the last page of Exhibit 15 are accurate, that they
12 don't be changed in 2011 merely because one company
13 is rolling over more monitoring and evaluation funds
14 than others. In other words, whatever you decide,
15 it's a fair allocation of the cost of the Senate Bill
16 323 costs and not merely because one utility spent
17 100 percent of their M&E funds in 2007 and another
18 company rolled over \$280,000 of M&E funds. What I
19 think -- what I've been told happens is we set our
20 budget for 2011 based upon what we expect to be the
21 carryover and what we expect to be the revenues, and
22 then allocate it into the, first of all, Low-Income
23 Program and then residential sector, business sector.
24 And a certain amount goes to monitoring and

1 evaluation. I think the Commission has the power to
2 say that whatever funds are rolled over, a certain
3 amount in the proper percentages for each utility
4 ought to be reserved for the monitoring and
5 evaluation contribution to the Senate Bill 323
6 effort.

7 CHAIRMAN GETZ: Okay. Thank you.
8 Anyone else? Ms. Knowlton.

9 MS. KNOWLTON: I want to make sure
10 that we have a proper vehicle to provide this
11 information to the Commission. And from my notes,
12 the NHLA record request directed to the Staff all
13 relate to the M&E budgets. Exhibit 17 I understood
14 to be directed to Granite State Electric and
15 EnergyNorth North and the remaining amounts in the
16 2010 budget for M&E. And I'm wondering whether we
17 should broaden -- if we could broaden that record
18 request in Exhibit 17 and ask what are the remaining
19 amounts in the 2010 budget for M&E and what funds
20 remain unexpended across all program sectors in 2010.

21 CHAIRMAN GETZ: Ms. Amidon.

22 MS. AMIDON: Yeah, I agree with that.
23 And I wonder whether we should ask each of the
24 utilities to provide that information, to expand the

1 question for all utilities to answer.

2 CHAIRMAN GETZ: We will make it so.
3 And with Data Request 18, do we need anything further
4 on that?

5 MS. AMIDON: That was a specific one
6 with -- and I think we've heard on the record -- but
7 about the invoice, the date that Granite State and
8 EnergyNorth would need to invoice.

9 CHAIRMAN GETZ: That was just invoice
10 dates. Okay.

11 MS. AMIDON: Yeah.

12 CHAIRMAN GETZ: Okay.

13 CMSR. BELOW: I did have two,
14 hopefully, questions, though I'm faint from hunger.

15 Did the electric utilities give any
16 consideration to an incentive for heat-pump water
17 heaters?

18 A. (Mr. Belair) As we update the list of heating
19 systems, we're hoping to include some electric
20 measures, too, because we started getting a lot of
21 requests from people that want to put in some of the
22 more efficient, high-efficiency heat pumps. You're
23 saying heat-pump water heaters?

24 Q. Heat-pump water heaters is what I did specifically

1 ask about. Although, that's related to air-source
2 heat pumps for space heating as a technology, too.

3 A. (Mr. Belair) I think we wanted to look at, you know,
4 with Gas Networks, look at the list and also see if
5 there's anything else we should be adding, because
6 there is new stuff that's out in the stores right
7 now. And what we need to figure out is whether we
8 can do that as part of the program or whether we need
9 permission.

10 Q. Okay. And I guess a follow-up on that. Would you
11 believe that on Page H3 of the GDS potential study,
12 it indicates in measures No. 119 and 139, heat-pump
13 water heaters, they estimate a benefit cost ratio of
14 1.95 benefit to cost? And it's suggesting that it
15 might be an appropriate measure for -- to
16 incentivize.

17 A. (Mr. Palma) In my former position, I had done some
18 research on heat-pump water heaters. And there's
19 several large companies, GE being one, that make
20 them. It's something we should definitely
21 investigate. My recollection is, typically in
22 northern climates, they're not that effective. But I
23 think we could still look at it as an option.

24 Q. And my second question is, are you aware that the

1 Electric Power Research Institute is looking for
2 utility collaborators to do some more work on
3 demonstration projects for things like electric
4 heat-pump water heaters, ductless heat pumps and LED
5 outdoor lighting, particularly street lighting, in
6 which they would provide instrumentation to test the
7 actual results to help develop the body of knowledge
8 as to what's cost effective and help emerging
9 technologies evaluate them? Are you aware that
10 they're looking for collaborators for demonstration
11 and having contribution that might help evaluate some
12 of these emerging technologies?

13 A. (By Mr. Palma) I'm not aware.

14 A. (Mr. Belair) I'm not aware either. But thank you for
15 making us aware.

16 CMSR. BELOW: Okay. Thank you.

17 That's all.

18 CHAIRMAN GETZ: Okay. Any redirect
19 for the panel? Hearing nothing, then the witnesses
20 are excused. Thank you, gentlemen.

21 (Whereupon the Witness Panel was
22 excused.)

23 CHAIRMAN GETZ: Let's take stock. I
24 think we need to take a recess at this point. But

1 from my earlier polling, I understood that there were
2 no additional questions for Ms. Wood or
3 cross-examination for Mr. Steltzer. Is that still
4 correct?

5 MS. AMIDON: That is.

6 CHAIRMAN GETZ: Okay. Then what we
7 need to do is have Mr. Hill take the stand and then
8 be subject to cross-examination, and then I expect
9 after that, opportunity for closings. Is there
10 anything else that I'm not thinking of?

11 (Chairman and Commissioners
12 conferring.)

13 CHAIRMAN GETZ: Let's go back on the
14 record. I'd say let's call Mr. Hill to the stand.

15 MS. AMIDON: I'll call Mr. Hill to the
16 stand.

17 (WHEREUPON, R. JEREMY HILL was duly
18 sworn and cautioned by the Court Reporter.)

19 R. JEREMY HILL, SWORN

20 DIRECT EXAMINATION

21 BY MS. AMIDON:

22 Q. Good afternoon, Mr. Hill. Would you please state
23 your full name for the record.

24 A. My full name is Robert Jeremy Hill.

1 Q. And could you tell me your employment or the business
2 that you represent here today.

3 A. Would you like for me to tell you who I am, what I
4 do?

5 Q. That's what I'm asking, yes. Thank you.

6 A. I'm a BPI-certified building analyst, a BPI-certified
7 envelope professional, a principal of the American
8 Performance Group, which is a New Hampshire-domiciled
9 Home Performance contracting company. I estimate
10 that I've completed in the range of 1500 energy
11 audits, and my company has membership with Efficiency
12 First.

13 Q. I think you've qualified yourself as a witness. Have
14 you testified before this Commission previously?

15 A. No, I have not.

16 Q. Did you prepare testimony in this docket, which is
17 identified, marked for identification as Exhibit 8?

18 A. I did.

19 Q. Do you have any corrections to that testimony today?

20 A. I have no corrections.

21 Q. Did you -- you didn't participate -- did you
22 participate in a settlement agreement?

23 A. I did not participate in the settlement agreement.

24 Q. Thank you. Please summarize your testimony for the

1 record.

2 A. The purpose of my testimony was to make the
3 Commission aware of how the current Home Performance
4 with ENERGY STAR® model as designed in New Hampshire,
5 in my feeling, constrains private enterprise, as well
6 as consumer decision-making.

7 In my testimony, I wanted the Commission to
8 start to understand how difficult it can be to
9 operate in the private marketplace, in spite of, or
10 in competition with utility rebate dollars for
11 energy-efficiency projects, meaning that I felt that
12 the winners were -- the winners and losers are
13 artificially being chosen through the administration
14 of the programs, not necessarily by consumer choice
15 or through the natural evolution of marketplaces.
16 So, if energy efficiency is indeed a critical part of
17 New Hampshire's economic and environmental future,
18 and I believe it will be, I can state, based on my
19 daily experience, that there is a hungry, hungry
20 marketplace for energy efficiency in all of the New
21 England states that I've worked in.

22 My specific reason for intervention in this
23 docket was that the original CORE ruling stated that
24 the program administration must not interfere with

1 private enterprise.

2 Moving forward, I would encourage the Commission
3 to rule in favor of customer choice within all
4 utility-administered programs; to maintain and ensure
5 that there's continuous and open enrollment for any
6 qualified and duly credentialed company to
7 participate; that rebate levels continue to decrease,
8 and that progressive and smart use of financing
9 replace them. I really feel that we need to have
10 inclusive energy-efficiency programs, not exclusive
11 energy-efficiency programs. Markets must be open,
12 and winners and losers must be chosen through natural
13 selection. That was the purpose of my testimony and
14 my intervention.

15 Q. Does that conclude your summary?

16 A. That concludes my summary.

17 MS. AMIDON: Mr. Hill is available for
18 cross.

19 CHAIRMAN GETZ: Okay. Thank you.

20 Mr. Eaton.

21 MR. EATON: No questions. Thank you.

22 CHAIRMAN GETZ: Ms. Knowlton.

23 MS. KNOWLTON: No questions.

24 CHAIRMAN GETZ: Mr. Dean.

1 MR. DEAN: No questions.

2 CHAIRMAN GETZ: Mr. Linder.

3 MR. LINDER: I have no questions.

4 Thank you.

5 CHAIRMAN GETZ: Mr. Steltzer.

6 MR. STELTZER: No questions.

7 CHAIRMAN GETZ: Ms. Fischer.

8 MS. FISCHER: No questions.

9 CHAIRMAN GETZ: Ms. Hatfield.

10 CROSS-EXAMINATION

11 BY MS. HATFIELD:

12 Q. Good afternoon, Mr. Hill. I'm wondering if you look
13 at the settlement agreement, in Section J -- do you
14 have a copy of that with you?

15 A. I do not.

16 MS. AMIDON: I'll hand the document to
17 witness.

18 BY MS. HATFIELD:

19 Q. It's on Page 15.

20 A. Okay.

21 Q. Have you had a chance to review this provision?

22 A. I did have a chance to review it briefly this
23 morning.

24 Q. Do you think it is sufficient to do what one of the

1 witnesses earlier described as "begin an evolutionary
2 process toward a more open contractor recruitment
3 approach in New Hampshire"?

4 A. Ms. Hatfield, I don't think it's sufficient. And I
5 don't think that we need to have an evolutionary
6 process. I think it's pretty simple, and it's pretty
7 cut and dry, that if there is open and continuous
8 enrollment for all duly credentialed and qualified
9 companies and/or advisors, that it's just open and
10 continuous. There's no need to send out -- and one
11 of the things I've really come to learn through this
12 process is certain bits of information or requests
13 for data or testimonies or rebuttal testimonies, they
14 get sent out, but they don't necessarily always make
15 it to everyone on the list. Therefore, I think that
16 it's fairly simple to a have a portal where anyone
17 with complete transparency, or anyone who's, you
18 know, duly qualified can begin an enrollment process,
19 or anyone who's interested in becoming duly qualified
20 could learn specifically what the steps are that they
21 need to undertake to become a participating advisor
22 or contracting company.

23 Q. Do you think that utilities do have a valid reason
24 for trying to manage the number of contractors,

1 either based on administrative costs or issues
2 related to qualification, especially in terms of
3 measures that could impact someone's health or
4 safety?

5 A. Is this one or two questions?

6 Q. Two, I think. Sorry about that.

7 A. Okay. So the first question is do I think that the
8 utilities have a valid concern as to having more
9 participants in the marketplace would cost more
10 administratively. Well, I think that more
11 participants in the marketplace could certainly
12 increase the cost of Q & A services. However, I
13 think that my experience in Maine, which has a
14 completely open market to any duly qualified and
15 credentialed company, is that there's not a lot of
16 administrative burden, in the event that you ensure
17 that the participants have the right set of
18 credentials and experience and that you set the
19 program guidelines and framework up such that it's
20 pretty straightforward and cut and dry. So I don't
21 really buy into more contractors will make it harder,
22 no.

23 And in regards to the health and safety
24 measures, could you restate the question, please?

1 Q. Well, I think you actually -- in your answer to the
2 first question, I think you touched on the issue of
3 credentialing. What I was wondering is, in light of
4 the fact that some of the weatherization measures
5 could affect the health and safety of the occupants
6 of a building, if that makes it critical that people
7 who are contractors are properly qualified to do the
8 work.

9 A. And it's critical that pre-testing and post-testing
10 are both done in order to ensure that there's no
11 potential backdrafting or other significant health
12 and safety concerns.

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

15 CHAIRMAN GETZ: Ms. Amidon.

16 MS. AMIDON: No, thank you.

17 CHAIRMAN GETZ: Commissioner Below.

18 INTERROGATORIES BY CMSR. BELOW:

19 Q. Mr. Hill, could you elaborate on what you think is
20 appropriate credentialing and the kind of open and
21 continuous enrollment system that you mentioned.

22 A. I think that a BPI certification, along with an
23 appropriate level of insurance, liability insurance,
24 is sufficient, in the event that there's clear

1 guidelines and sufficient Q & A involved with the
2 program.

3 Q. To your knowledge, does BPI have a process whereby
4 building analyst professionals that are certified by
5 them or building envelope professionals can be
6 de-certified if there are complaints about them and
7 BPI finds that they aren't acting professionally and
8 in accordance with BPI's standards?

9 A. I don't have a clear answer for you, Commissioner. I
10 can tell you that with BPI-accredited companies,
11 there are mechanisms in place for de-certification.
12 And, you know, just having the correct amount of
13 credentials doesn't guarantee continuous
14 participation in any program. That only guarantees
15 the ability to obtain participation inside of a
16 program or any open market program. In the event
17 that the quality or -- in the event that the quality
18 of the work or services is not there, I would assume
19 that any program administrator would have the right
20 to suspend, or to potentially suspend a contractor
21 who's not living up to his or her side of the
22 bargain.

23 Q. And in your experience in Maine -- I take it you do
24 work in the state of Maine?

1 A. Yes.

2 Q. And in your experience, could you expand on how you
3 understand that to work. You say you were enrolled
4 as a qualified contractor for auditing purposes or
5 installation purposes. And how does that work, in
6 terms of the statewide program there?

7 A. Well, I could do two things, Commissioner. I could
8 first help you understand what the enrollment process
9 was for me and how that went, and then I could also
10 give you the broad strokes to better understand how
11 the program operates for the marketplace.

12 Q. Okay, in summary.

13 A. Okay. Well, in summary, I needed to have a proof of
14 my BPI credentials. I needed to have a license with
15 the Maine state fuel boards for propane and oil to
16 ensure that I was duly qualified to perform the
17 combustion analysis testing for health and safety
18 concerns. And I needed to provide proof of
19 insurance. And upon proof of all those things, I was
20 then granted participation status inside the
21 Efficiency Main Program.

22 In regards to how the program operates on a
23 day-to-day basis, there's really no customer intake.
24 There's no need to prove that you've got, you know,

1 sufficient amounts of electrical, gas or oil usage.
2 And there's no real incentive in place for anyone to
3 do an energy audit. There's no incentive in place
4 for companies to drive energy audits through
5 marketing their services to people who are being
6 conscious or are energy-efficiency conscious. So,
7 you perform an audit in the event that there's enough
8 deemed savings within the house. There is -- there
9 has been two tiers of rebates available. There's the
10 30-percent rebate up to \$1500 for someone who
11 achieves about 25 percent of deemed energy savings;
12 and then there's a higher tier of rebate available,
13 which is 50 percent, up to \$3,000, for someone who
14 has as much as 50 percent or greater worth of deemed
15 savings available. So it's a smaller rebate. The
16 customer upfronts the money, as opposed to the
17 utility hiring the contractor to do the work and then
18 paying them on a net 15 or 30 basis. And I actually
19 received an e-mail from Efficiency Maine last week
20 stating that the program had been so successful, that
21 they were going to reduce the rebate levels by almost
22 half, because there was so much demand for the
23 program, that they're confident that they can reduce
24 the rebate levels significantly and still have more

1 than enough participants in 2011.

2 Q. And just briefly, could you elaborate on your concern
3 about how the current programs, from your point of
4 view, create sort of a market barrier to some
5 homeowners taking action.

6 A. Well, yes. I performed an audit in Rye back in the
7 beginning to middle of November. The amount of
8 building leakage for the house was approximately
9 9,000 cubic feet per minute, which is a really drafty
10 house. They've done an awful lot. They purchased
11 extremely high-end replacement windows, triple-pane,
12 installed state-of-the-art Buderus heating system.
13 And they frankly would have never hit a home-heating
14 index score because they only heated one zone to
15 65 degrees in order to keep their oil costs down. So
16 they don't really fall into anybody's box.

17 And the point is that I did the audit, and I
18 said, well, there's an awful lot of air sealing that
19 needs to be done to this house. Not necessarily
20 under-insulated, but it's just really drafty. And
21 she says, "Well, I'd love to have you come in and do
22 the work. But, you know, my neighbor down the street
23 had Public Service come in and do all the work for
24 them last year, and I don't think she paid very much

1 at all for it. Looks like I'd be spending a lot more
2 than she did."

3 So I said to her, "Well, there's a program in
4 place. But right now, I don't think they're
5 accepting any additional customers. I'm not sure
6 that even if they were accepting customers that you
7 would qualify because you're just not going through
8 that much oil." But she was adamant that, you know,
9 if her neighbor got free services, that she would,
10 too. And there's an awful lot of cost-effective
11 stuff there that should be done and needs to be done,
12 rebates or no rebates. So that's one way in which
13 the potential of incentive money can slow down the
14 development of open market transactions.

15 Q. And finally, do you typically do blower door tests in
16 your audit function? And how often do you do thermal
17 imaging, as well?

18 A. I typically perform a blower door test, a combustion
19 analysis test and thermal imaging at every energy
20 audit.

21 Q. And what do you see as the value of the thermal
22 energy component of that?

23 A. It's really cool. It's extremely useful. Like,
24 right now, one of the huge benefits that you get

1 right now is that one of the most acute heat loss in
2 New England is the top half of the foundation. That
3 doesn't make for much of an insulator. And a lot of
4 people have forced hot water as their principal heat
5 source. And those copper pipes radiate an awful lot
6 of source of heat sink, which is the top of the
7 foundation. So, for instance, it's very useful to
8 find holes in wall insulation or walls that are not
9 insulated in conjunction with the blower door test,
10 whether it's hot or cold. It's very useful to find
11 ex filtration and infiltration points. And right
12 now, it's also very useful to take someone out into
13 the front yard and say, Look at my camera. You know,
14 the warmest place on the exterior of your house right
15 now is not your windows, it's not your walls, it's
16 not your front door. Your foundation is where you're
17 losing most of your heat right now.

18 Q. And do you see those things without the benefit of
19 thermal imaging?

20 A. You have to go touch and feel it to kind of know the
21 difference.

22 Q. Okay. Thank you.

23 CMSR. IGNATIUS: A few questions.

24

1 INTERROGATORIES BY CMSR. IGNATIUS:

2 Q. Thank you, Mr. Hill. It sounds like on the question
3 of the ability to become certified, that your concern
4 is not with requiring credentials, but it's sort of
5 that it's an open enrollment period, and once that's
6 closed, you can't really get in until that opens up
7 again; is that correct?

8 A. Yes. So my concern is, you know, I've kind of
9 struggled to make my way into the industry for a
10 number of years now. And I'm not here to blame any
11 utilities or anybody. It's just the natural process
12 of being me. But, for instance, if I became duly
13 credentialed five days after the request for interest
14 or the RFPs had gone out, I would then need to
15 struggle in spite of or in competition with these
16 programs for 360 days because of just poor timing or
17 just dumb luck or whatever else. So that's my real
18 issue with a lack of continuous open enrollment. And
19 I understand that, you know, if there's a limited
20 number of funds, you don't want to oversell the
21 amount of contractors in the marketplace, because
22 then they're going to be upset because they're not
23 getting enough work, which is why we need to sort of,
24 I feel, allow the open market to choose the winners

1 and losers.

2 Q. And in Maine, is that the way it works; that you can
3 come forward and submit your credentials at any point
4 during the year, and if you qualify, you're on the
5 list, and if you don't, you don't, but there's no
6 timing?

7 A. That has been my experience in Maine, yes, is that
8 there's continuous open enrollment.

9 Q. Have you sought to be qualified in New Hampshire for
10 these programs?

11 A. Have I -- I have not applied to work as a
12 subcontractor for PSNH, National Grid or Unitil, no.

13 Q. So you don't have direct experience to know if, I
14 think it was Mr. Belair who described the efforts to
15 match up a contractor that a customer identified, to
16 actually steer the work to that contractor. Do you
17 have experience of whether that system --

18 A. I don't have any direct experience with that, no.
19 I've spoken with a number of other contractors who
20 have voiced that concern to me through my BPI
21 training or just kind of through the grapevine. But
22 I have no direct experience with that.

23 Q. And do you know, just from your work in this
24 business, does one who wants to be on the

1 prequalified list have to go to each utility and
2 submit their credentials each time, or is there one
3 submission that will work for all New Hampshire
4 utilities?

5 A. I asked that question of PSNH, Unitil and National
6 Grid, and all three have been very helpful in showing
7 me where to find the information. And in the case of
8 Unitil and PSNH, they forwarded me their list of
9 qualifications, of which my company would be well
10 qualified to, I guess, pass muster. But it appears
11 to me, based on the conversations I've had with them,
12 that I would have to apply and make my way into the
13 approved list three separate times.

14 Q. Did the qualifications appear different among the
15 different utilities that you looked at?

16 A. Not really. There may have been some minor
17 differences, but they're pretty much the same.

18 Q. All right. Nothing else. Thank you.

19 CHAIRMAN GETZ: Is there anything
20 further for Mr. Hill? Mr. Steltzer.

21 CROSS-EXAMINATION

22 BY MR. STELTZER:

23 Q. Yeah, just one redirect on a question that
24 Commissioner Ignatius had made, where she made a

1 point that there is an issue that RFPs are
2 periodically made and that that might be a barrier
3 towards you accessing the program.

4 Is it correct that it's my understanding that
5 it's also difficult for contractors such as yourself
6 to even learn about these RFPs?

7 A. It's extremely difficult to learn about RFPs. And
8 it's extremely difficult to determine, you know,
9 without the benefit of me coming into this
10 environment and interfacing with the decision-making
11 for the people who serve and administer the programs.
12 It's next to impossible to call a utility company and
13 find out how to get, you know, enrolled as a
14 contractor. That's been my experience.

15 Q. Thank you.

16 CHAIRMAN GETZ: Anything further?

17 (No verbal response)

18 CHAIRMAN GETZ: Hearing nothing, then
19 you're excused. Thank you, Mr. Hill.

20 (Whereupon the Witness was excused.)

21 CHAIRMAN GETZ: Ms. Knowlton.

22 MS. KNOWLTON: I have one housekeeping
23 matter, but nonetheless important, which is I notice
24 that my signature page on the settlement agreement

1 for EnergyNorth was not included in the settlement
2 that was filed, so I would like to submit that.

3 CHAIRMAN GETZ: Please do.

4 MS. KNOWLTON: I have one copy. So
5 after the hearing I could --

6 CHAIRMAN GETZ: Give it to the clerk
7 and we'll make copies.

8 MS. KNOWLTON: Thank you.

9 CHAIRMAN GETZ: Okay. I take it there
10 are no further witnesses. So is there any objection
11 to striking identifications and admitting exhibits
12 into evidence?

13 (No verbal response)

14 CHAIRMAN GETZ: Hearing no objection,
15 they'll be admitted into evidence.

16 Is there anything we need to address
17 before providing an opportunity for closings?

18 (No verbal response)

19 CHAIRMAN GETZ: Hearing nothing, then
20 we'll start with Mr. Eaton.

21 CLOSING ARGUMENTS BY PARTIES

22 MR. EATON: Thank you, Mr. Chairman.
23 We believe the settlement agreement is a fair
24 compromise of the issues that were raised in the

1 testimony and rebuttal testimony of the different
2 parties. We believe that the programs that have been
3 proposed for 2011 and 2012 are a good use of the
4 System Benefits Charge revenues, and along with
5 forward capacity market revenues, and we urge the
6 Commission to adopt the settlement and issue an order
7 in accordance therewith. Thank you.

8 CHAIRMAN GETZ: Thank you. Ms.
9 Knowlton.

10 MS. KNOWLTON: Thank you. I agree
11 with the closing statement of PSNH, and I won't
12 restate what Mr. Eaton has already very artfully
13 said. But I have a few other points I'd like to
14 make, which is: First of all, I want to thank the
15 Commission for giving the parties additional time to
16 bring the settlement to conclusion to get it filed.
17 I realize it didn't give you a lot of time to look at
18 it, but it was very helpful I think to the process to
19 have that extra time. In particular, the Staff and
20 the OCA worked very hard to bring the matter to
21 conclusion. And I very much appreciate that, on
22 behalf of National Grid. I think having a settlement
23 is beneficial in this docket. I also believe that
24 the settlement is in the public interest, and I would

1 ask that the Commission approve it by December 31st
2 so that we have approval to keep the programs up and
3 running starting January 1st of the new year.

4 CHAIRMAN GETZ: Thank you. Mr. Dean.

5 MR. DEAN: I won't re-cover the ground
6 that's already been plowed. But the Co-op supports,
7 as a signer, the settlement. I think it's in the
8 public interest, and we'd urge you to approve it.

9 CHAIRMAN GETZ: Thank you. Ms.
10 Goldwasser.

11 MS. GOLDWASSER: I, too, will attempt
12 not to repeat what has been said. But on behalf of
13 Unitil and Northern Utilities, we, of course, ask
14 that you approve the settlement agreement. We
15 believe it's just and reasonable and in the public's
16 interest. And Unitil is committed to continuing to
17 work with the parties in this docket to continue to
18 improve these programs.

19 And I'd like to echo what Attorney
20 Knowlton said regarding Staff and the OCA. They
21 really jumped through many, many hoops and pursued
22 heroic efforts, in my opinion, in getting that
23 settlement agreement done yesterday, and they should
24 be applauded for their hard work.

1 CHAIRMAN GETZ: Thank you.

2 Mr. Linder.

3 MR. LINDER: Thank you. The Way Home
4 supports the settlement agreement and believes that
5 the settlement agreement promotes the public interest
6 and should be approved.

7 And we want to thank Staff and the
8 parties for working with us, and particularly on the
9 low-income section. I just want to thank everyone
10 for their efforts.

11 CHAIRMAN GETZ: Thank you.

12 Mr. Nute.

13 MR. NUTE: Yes, the New Hampshire
14 Community Action Agencies do support this docket and
15 settlement agreement, and we do believe that the best
16 dollar spent is a dollar towards energy efficiency
17 for our clients. And we hope that it continues
18 through the year. And unfortunately, we ran out of
19 funds earlier this year, but we would like to be back
20 online January 1st. Thank you.

21 CHAIRMAN GETZ: Thank you.

22 Mr. Steltzer.

23 MR. STELTZER: Yes. The Office of
24 Energy and Planning agrees to this settlement and

1 thinks that it is in the public's interest. We did
2 provide testimony, and in that testimony we
3 highlighted the Home Performance with ENERGY STAR®,
4 the missed requirements from the last year's
5 settlement agreement, as well as market
6 transformation and whether these programs are being
7 as transformational in the marketplace as is
8 appropriate. In that, we did highlight some
9 components for combined heat and power opportunities
10 that Unitil has presented to the advisory committee
11 about a CHP measure to be included into some of their
12 programs.

13 Specifically to the Home Performance
14 with ENERGY STAR® program, we really felt that it was
15 important -- two primary key things are important to
16 this program: One, that the program doesn't start
17 and stop, and that it maintains for the duration of
18 the period; and second, that the program works to
19 expand opportunities for contractors to participate
20 in that program. We do feel that the settlement
21 reaches those areas for right now, and we welcome the
22 monitoring and evaluation of the program study to
23 determine its effectiveness.

24 Regarding the performance incentive

1 structure, the Office of Energy and Planning took no
2 position on that, largely because we're waiting to
3 see, and recognize that there are other methodologies
4 as far as reviewing performance incentives and how
5 those should be issued out, as well as determining
6 what the program energy savings are for the programs.
7 And so we reserve our opinion to wait upon the
8 decision from that analysis.

9 To the contractor recruitment
10 component, there's nothing in the settlement there
11 that we disagree with. And we do think that it is,
12 as it's laid out, is an evolutionary process to begin
13 opening up the door. But we do highlight that
14 request for proposals are not included in there and
15 that it is still challenging for contractors and
16 interested parties who would like to see the RFPs to
17 have access to them. While we recognize and
18 certainly appreciate that the utilities have their
19 own procurement policies that they need to meet and
20 that they should have the discretion to determine
21 whether an RFP is made private or public, I would
22 certainly hope that those areas where there's been
23 identification for greater interest of contractors
24 and access to programs, that those RFPs would be made

1 in a more transparent nature and open area.

2 Pertaining to automation of data
3 downloading, I did ask some questions regarding that.
4 We do feel that it is connected to energy-efficiency
5 programs and helps to create an inventory of where
6 the audits should best be done in buildings,
7 specifically in the municipal sector. Office of
8 Energy and Planning has put a substantial amount of
9 Energy Efficiency Conservation Block Grant funding to
10 inventorying of municipal buildings. The efforts to
11 automate that access and downloading of that data is
12 progressing. It is progressing slowly, though. And
13 it is identified as a barrier to some municipalities
14 participating in the program, that they're not able
15 to have that data as readily available to our
16 contractors to access.

17 I think, lastly, in closing, I'll just
18 say that there's been quite a bit of a change over
19 the last year to year and a half to energy-efficiency
20 programs in New Hampshire and with the increase of
21 those funds and online of programs through the
22 Regional Greenhouse Gas Initiative. We're certainly
23 working -- interested in working with the utility
24 partners, as well as these other partners, to achieve

1 greater collaboration on how these programs can work
2 in a more collaborative manner and in a less
3 competitive manner to them.

4 With that, I thank the Commission. I
5 thank OCA and the Staff for their efforts to put this
6 settlement agreement together. It certainly was a
7 big feat. So, thank you.

8 CHAIRMAN GETZ: Thank you.

9 Mr. Hill.

10 MR. HILL: Thank you, Commission. I
11 do not support the settlement as it's written today,
12 and I would encourage the Commission to understand
13 that whatever decisions they make at the end of the
14 day have the ability to implicate the marketplace for
15 up to two years. So, pretty big decisions. And I
16 would certainly encourage you to add in as many of
17 the points that the home builders and myself have
18 raised today to assist with the market
19 transformational qualities with the Home Performance
20 with ENERGY STAR® programs. And I'll leave it at
21 that. Thank you.

22 CHAIRMAN GETZ: Thank you.

23 Ms. Fischer.

24

1 MS. FISCHER: Good afternoon. I want
2 to first thank the Staff, OCA and the rest of the
3 intervenors. This has been a robust and interesting
4 discussion for the better part of a year. And I
5 think that the settlement that's before you is a much
6 better settlement than existed a year ago; and to
7 that, it's because of everybody's hard work.

8 Unfortunately, our association cannot
9 support the settlement because we still see that the
10 continuation of the programming with regards to
11 contractor access and consumer access continues to be
12 a barrier that we really can't get over. And so our
13 concern was that if we signed the document, that we
14 would be, through acquiescence, agreeing that the
15 programs were being run in a progressive and fair
16 manner for consumers and contractors. So we're
17 disappointed that we're not able to settle it, but
18 hope that the Commission will see opportunities with
19 today's testimony to interject opportunities for
20 expansion of the market and a transformation of the
21 market.

22 This CORE program, as I've said before, is a
23 huge piece on how we leverage energy efficiency in
24 this state. Rather than look at the confines of this

1 particular docket, see how you can use this tool to
2 motivate and move along other initiatives in the
3 state, in which there are many if you followed any of
4 the activities of the Climate Collaborative or the
5 EESE Board. Lots of opportunities. This is key to
6 it.

7 We want to encourage in the settlement and in
8 the future any fuel-neutral activities. Oil
9 consumption is 85 percent of our heating bill in the
10 state of New Hampshire. And that at some point has
11 to be addressed. And so these fuel-neutral programs
12 that the utilities administer now is a small piece of
13 that, and we can gain information from those. So I'd
14 encourage the utility -- excuse me -- the Commission
15 to foster and include that in the future.

16 We're very concerned about the approach to the
17 ENERGY STAR® for Homes Program. We understand that
18 in some markets this program is not being encouraged
19 robustly. The housing industry across this country
20 is on its knees, and, as a result, we continue to
21 linger in a recessionary fashion. And until we
22 figure out a way to get out of that, with the help of
23 good policy in Washington, as well as a robust
24 housing industry, then we're going to have some dark

1 days going forward. The ENERGY STAR® for Homes
2 Program is a huge tool for new-construction home
3 builders to participate and educate and provide new
4 housing stock that is extremely energy-efficient.
5 And when we see utilities choose because of
6 administrative burden to reduce their involvement in
7 that arena -- we saw it with an attempt to transfer
8 funds from the ENERGY STAR® for Homes Program into
9 the Gas Works Program earlier this year and
10 fortunately were able to thwart that through a work
11 session. But, again, the action on the part of
12 Northern Utilities, with the example or the excuse
13 that, well, on the electric side they can
14 participate, we think sends a bad message, and we're
15 very uncomfortable with that message.

16 We look forward to the process of reviewing the
17 marketing budget. There's been a lot of conversation
18 about whether the use of the marketing budget towards
19 a catalog product is necessarily the best way to
20 reach consumers in the future. And so, hopefully in
21 the first quarter of the year we'll be able to review
22 that with all of the parties to come up with a
23 diverse way to reach consumers. And again, we're
24 interested in opening up the market to as many

1 contractors as possible and streamlining that process
2 so dollars go into energy efficiency and not admin.
3 Thank you.

4 CHAIRMAN GETZ: Thank you.

5 Ms. Hatfield.

6 MS. HATFIELD: Thank you, Mr.

7 Chairman. I'd like to also thank all of the parties,
8 including those who participated in the docket but
9 didn't join the settlement, because I think they
10 really added a lot of value to the conversation and
11 to the settlement that's before you. We also think
12 that the settlement represents a fair compromise of
13 all of the issues in the case. We are pleased to
14 have gas and electric efficiency programs more
15 aligned, and we think that we're making good progress
16 toward having truly statewide common programs. We
17 agree that we should continue to work to continuously
18 improve the programs, and we think the discussion we
19 had earlier about the use of the quarterly meetings
20 is what the OCA has in mind for trying to achieve
21 that.

22 We're very hopeful that the Senate
23 Bill 323 study will be a really critical tool to help
24 us continue to improve the programs, and we think

1 that, starting in 2012 or perhaps 2013, we might be
2 bringing some more exciting things to you for your
3 consideration.

4 And finally, we wanted to thank the
5 Commissioners for your close attention and your
6 engagement in this docket because we think it's very
7 important. Thank you.

8 CHAIRMAN GETZ: Thank you.

9 Ms. Amidon.

10 MS. AMIDON: Thank you. As you know,
11 Staff signed the settlement agreement. We support
12 the settlement agreement, and we believe it's a
13 product of collaborative work that involved
14 compromise and a lot of hard work by all the parties
15 here today. I do want to thank the Commission for
16 giving us additional time to file the agreement.
17 That was most helpful. Having said that, I think it
18 represents a just and reasonable compromise of the
19 issues that we had in dispute, and we'd request that
20 the Commission approve the settlement agreement.

21 CHAIRMAN GETZ: Okay. Then I think
22 that completes the hearing, so we'll close this
23 hearing and take the matter under advisement. Thank
24 you, everyone.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

(WHEREUPON, the hearing was adjourned
at 2:43 p.m.)

C E R T I F I C A T E

1
2 I, Susan J. Robidas, a Licensed
3 Shorthand Court Reporter and Notary Public of
4 the State of New Hampshire, do hereby
5 certify that the foregoing is a true and
6 accurate transcript of my stenographic notes
7 of these proceedings taken at the place and
8 on the date hereinbefore set forth, to the
9 best of my skill and ability under the
10 conditions present at the time.

11 I further certify that I am neither
12 attorney or counsel for, nor related to or
13 employed by any of the parties to the action;
14 and further, that I am not a relative or
15 employee of any attorney or counsel employed
16 in this case, nor am I financially interested
17 in this action.

18
19
20 _____
21 Susan J. Robidas, LCR/RPR
22 Licensed Shorthand Court Reporter
23 Registered Professional Reporter
24 N.H. LCR No. 44 (RSA 310-A:173)