

1 STATE OF NEW HAMPSHIRE

2 PUBLIC UTILITIES COMMISSION

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Concord, New Hampshire

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7 RE: DE 10-188
8 2011-2012 CORE ELECTRIC PROGRAMS
AND NATURAL GAS ENERGY EFFICIENCY
PROGRAMS:
9 *Energy Efficiency Programs.*

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

13 Sandy Deno, Clerk

14
15 APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Gerald M. Eaton, Esq.

16 Reptg. Granite State Electric Co. d/b/a
17 National Grid and EnergyNorth Natural Gas
d/b/a National Grid NH:
18 Carol J. Holahan, Esq. (McLane, Graf...)

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

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

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

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

Reptg. N.H. Community Action Association:
Dana Nute, Director

Reptg. The Way Home:
Alan Linder, Esq.

Reptg. the Jordan Institute:
D. Dickinson Henry, Jr., Executive Director

Reptg. the Office of Energy & Planning:
Eric Steltzer, Energy Policy Analyst

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

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

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E X H I B I T S

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1 CHAIRMAN GETZ: Good morning.

2 MS. GOLDWASSER: Good morning. On
3 behalf of Unitil and Northern, Rachel Goldwasser, from Orr
4 & Reno.

5 CHAIRMAN GETZ: Good morning.

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

8 CHAIRMAN GETZ: Good morning.

9 MR. STELTZER: Good morning. Eric
10 Steltzer, on behalf of the Office of Energy and Planning.

11 CHAIRMAN GETZ: Good morning.

12 MR. NUTE: Good morning. Dana Nute, on
13 half of New Hampshire Association of Community Action
14 Agencies.

15 CHAIRMAN GETZ: Good morning.

16 MR. LINDER: Good morning. My name is
17 Alan Linder, from New Hampshire Legal Assistance,
18 representing The Way Home. And, with me at counsel's
19 table is Dianne Pitts, the Director of Housing Services
20 for The Way Home. Good morning.

21 CHAIRMAN GETZ: Good morning.

22 MR. HENRY: Good morning. I'm Dick
23 Henry, representing the Jordan Institute.

24 CHAIRMAN GETZ: Good morning.

1 MS. HATFIELD: Good morning,
2 Commissioners. Meredith Hatfield, for the Office of
3 Consumer Advocate, on behalf of residential ratepayers.
4 And, with me for the Office is Steve Eckberg.

5 CHAIRMAN GETZ: Good morning.

6 MS. THUNBERG: Good morning,
7 Commissioners. Marcia Thunberg, on behalf of Staff.

8 CHAIRMAN GETZ: Good morning. So, how
9 do we proceed? Mr. Eaton.

10 MR. EATON: Mr. Chairman, we're going to
11 call a panel of witnesses: Mr. Gelineau, from PSNH; Mr.
12 Cunningham, from the Staff; Eric Stanley, from National
13 Grid; and Tom Palma -- Thomas Palma, from Unitil. We will
14 introduce the -- first of all, each attorney will qualify
15 their witness, and then we will introduce the Settlement
16 Agreement. There are some changes that need to be noted
17 to that. Then, followed by a Stipulation and Supplement
18 to the Partial Settlement, and also some rebuttal
19 testimony. Then, we will summarize the Settlement
20 Agreement for the Commission and explain the issue that is
21 only partially resolved.

22 The Settlement Agreement was signed by
23 all the parties that participated in settlement
24 discussions, except for the Office of Consumer Advocate,

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 who decided not to, not to sign on. We have the remaining
2 signatures to the Settlement, which we will also
3 introduce, and they were filed with the Commission this
4 morning.

5 CHAIRMAN GETZ: Thank you. Any other
6 discussion? Ms. Hatfield.

7 MS. HATFIELD: Thank you, Mr. Chairman.
8 The OCA will be calling Mr. Eckberg also, after the panel.

9 CHAIRMAN GETZ: Okay. Thank you. All
10 right. Please proceed.

11 MR. EATON: I call to the stand Gilbert
12 Gelineau, James Cunningham, Eric Stanley, and Thomas
13 Palma.

14 (Whereupon *Gilbert E. Gelineau,*
15 *James J. Cunningham, Jr.,*
16 *Eric M. Stanley,* and *Thomas Palma* were
17 duly sworn by the Court Reporter.)

18 **GILBERT E. GELINEAU, SWORN**

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

20 **ERIC M. STANLEY, SWORN**

21 **THOMAS PALMA, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. EATON:

24 Q. Mr. Gelineau, would you please state your name for the

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1 record.

2 A. (Gelineau) My name is Gilbert Gelineau.

3 Q. For whom are you employed?

4 A. (Gelineau) For Public Service Company of New Hampshire.

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

6 A. (Gelineau) I am Manager of Marketing Support. And, in
7 that capacity, I'm responsible for the
8 implementation/administration of the Company's energy
9 efficiency programs.

10 Q. Did you participate in most aspects of this proceeding
11 concerning the filings that were made in September and
12 the Settlement Agreement that was filed in December?

13 A. (Gelineau) I did.

14 Q. And, have you testified before the Commission in
15 previous occasions?

16 A. (Gelineau) I have.

17 MR. EATON: Thank you.

18 BY MS. HOLAHAN:

19 Q. Mr. Stanley, can you state your name for the record
20 please.

21 A. (Stanley) Eric Matthew Stanley.

22 Q. And, by whom are you employed?

23 A. (Stanley) National Grid.

24 Q. And, what is your position with the Company?

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 A. (Stanley) I'm currently the Manager of Energy
2 Efficiency Programs for the Company's New Hampshire
3 territories.

4 Q. And, can you briefly describe your job
5 responsibilities?

6 A. (Stanley) Yes. I'm currently responsible for
7 overseeing the implementation, strategy, and marketing
8 development for the Company's gas and electric energy
9 efficiency programs for its New Hampshire territory.

10 Q. Did you submit prefiled testimony --

11 A. (Stanley) Yes.

12 Q. -- in this proceeding on December 19th?

13 A. (Stanley) Yes.

14 MS. HOLAHAN: I'd like to offer that
15 exhibit for identification -- have it marked for
16 identification purposes. It was filed -- excuse me. It
17 was filed on the 19th. Do you need copies?

18 CHAIRMAN GETZ: No, we do not. But
19 we'll mark it for identification as "Exhibit Number 22".

20 (The document, as described, was
21 herewith marked as **Exhibit 22** for
22 identification.)

23 MS. HOLAHAN: Twenty-two. Thank you.

24 BY MS. HOLAHAN:

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[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 Q. Mr. Stanley, was this testimony prepared by you or at
2 your direction?

3 A. (Stanley) Yes.

4 Q. Do you have any changes or corrections to make to the
5 testimony?

6 A. (Stanley) I do not.

7 Q. If I were to ask you the same questions today that are
8 contained in that testimony, would your answers be the
9 same?

10 A. (Stanley) Yes. Definitely.

11 MS. HOLAHAN: The witness is available.

12 MS. GOLDWASSER: Good morning.

13 BY MS. GOLDWASSER:

14 Q. Mr. Palma, please state your name and spell your last
15 name for the record.

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

17 Q. And, Mr. Palma, where are you employed?

18 A. (Palma) I'm employed with Unitil Service Corp.

19 Q. And, what position do you hold?

20 A. (Palma) I'm Manager of Distributed Energy Resources.

21 Q. What are your duties as Manager of Distributed Energy
22 Resources?

23 A. (Palma) I manage the regulatory and design portions of
24 the energy efficiency programs in Massachusetts and New

1 Hampshire, as well as working on distributed
2 generation.

3 Q. And, did you prefile testimony regarding the Gas
4 Program Update in this docket?

5 A. (Palma) I did.

6 Q. And filed that on December 19th jointly with Mr.
7 Stanley?

8 A. (Palma) Yes, jointly with Mr. Stanley of National Grid.

9 Q. And, was that rebuttal testimony filed by you or -- or,
10 sorry, drafted by you or at your direction?

11 A. (Palma) Yes. It was drafted by myself and Mr. Stanley.

12 Q. If I were to ask you the same questions under oath
13 today as those contained in your prefiled rebuttal
14 testimony contained in Exhibit Number 22, would your
15 answers be the same?

16 A. (Palma) Yes, they would.

17 MS. GOLDWASSER: Thank you.

18 BY MS. THUNBERG:

19 Q. Mr. Cunningham, can you please state your name for the
20 record?

21 A. (Cunningham) Yes. My name is James J. Cunningham,
22 Junior.

23 Q. Can you please -- by whom are you employed?

24 A. (Cunningham) New Hampshire Public Utilities Commission.

1 Q. And, can you please describe your responsibilities for
2 the Commission?

3 A. (Cunningham) My responsibilities include working with
4 my colleague, Iqbal Al-Azad, on energy efficiency
5 matters for the electric companies and the gas
6 companies, and on special assignments as assigned.

7 Q. Since September 2011, can you please describe your
8 involvement with this particular docket?

9 A. (Cunningham) Since the filing of the docket, my
10 colleague Iqbal and I have been working, reviewing the
11 various elements of the filing. We've held discussions
12 with the Company and the interested parties in
13 technical sessions, and filed recommendations with the
14 Commission in direct written testimony.

15 Q. And, you referred to a -- "since the filing of a
16 document" in September, what is the document that
17 started your recent review in this docket?

18 A. (Cunningham) That would have been the proposal by the
19 Companies on September 30th for the electric and the
20 natural gas energy efficiency programs.

21 Q. Thank you. Did you participate in the Settlement
22 Agreement in this docket?

23 A. (Cunningham) Yes, I did.

24 Q. Are you familiar with the terms of that document?

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 A. (Cunningham) Yes, I am.

2 Q. As well as the attachments?

3 A. (Cunningham) Yes, I am.

4 BY MR. EATON:

5 Q. Mr. Gelineau, do you have in front of you a package
6 that has a cover letter of December 15th, 2011, signed
7 by myself?

8 A. (Gelineau) Yes, I do.

9 Q. Could you please describe what's in that document.

10 A. (Gelineau) It contains a Partial Settlement Agreement,
11 as well as attachments, which provide information
12 that's supporting documentation for that Settlement
13 Agreement.

14 Q. And, you're familiar with the terms of that Settlement
15 Agreement and can answer questions concerning most of
16 the items in that document?

17 A. (Gelineau) Yes. I would only qualify that, inasmuch as
18 there are witnesses on this panel that are better
19 qualified to answer the gas questions than am I.

20 MR. EATON: Mr. Chairman, I wonder if
21 that could be marked as "Exhibit Number 23" for
22 identification?

23 CHAIRMAN GETZ: So marked.

24 (The document, as described, was

1 herewith marked as **Exhibit 23** for
2 identification.)

3 BY MR. EATON:

4 Q. Mr. Gelineau, was everyone able to sign the Settlement
5 Agreement before it was filed?

6 A. (Gelineau) No, they were not.

7 Q. And, is it your understanding that parties have
8 submitted signature pages for filing with the
9 Commission?

10 A. (Gelineau) That's my understanding, yes.

11 MR. EATON: Mr. Chairman, I have a
12 letter dated today that was filed with the Commission, and
13 I have copies for -- of this letter, which have the
14 remaining signature pages. I'd like that marked for
15 identification.

16 CHAIRMAN GETZ: We'll mark it as
17 "Exhibit 24".

18 (The document, as described, was
19 herewith marked as **Exhibit 24** for
20 identification.)

21 BY MR. EATON:

22 Q. Mr. Gelineau, can you please turn to Attachment A of
23 the Settlement Agreement?

24 A. (Gelineau) I'm at that location right now.

1 Q. And, generally speaking, please describe what
2 Attachment A is.

3 A. (Gelineau) Attachment A is the proposed 2012 CORE
4 Programs, as a result of the negotiations which took
5 place to come to the Settlement Agreement.

6 Q. And, there are two dates at the bottom of the front
7 page. What do those two dates represent?

8 A. (Gelineau) Well, the "September 30th" date represents
9 the date on which the CORE utilities originally filed
10 the updates to the 2012 filing, which was made in
11 August of 2010. Subsequent to that, there was an
12 update on December 15th. And, subsequent to that,
13 which is not printed on the front page, there was an
14 update that was made effective -- I think it's marked
15 on December 22nd, and that is -- that relates to Page 2
16 of the document. So, that didn't find its way onto the
17 front page, but there was an update on December 22nd as
18 well.

19 And that, by the way, that
20 "December 22nd" date is shown on the bottom of the
21 revised page. And, I don't know, Mr. Eaton, if you've
22 submitted that or had that document marked as of yet?

23 Q. I have not submitted it. And, it is what page of
24 Attachment A?

1 A. (Gelineau) It is Page 2 of Attachment A.

2 Q. And, what changes were made to that document?

3 A. (Gelineau) The document, as filed prior to the 22nd of
4 December, reflect a description of the Home Performance
5 with ENERGY STAR Program, which indicated a description
6 which reflected the way the program was filed on
7 September 1st of this year. At which time, the
8 utilities had originally proposed a program that would
9 be a so-called "full scale program", and no longer a
10 pilot program. And, it would also provide for an
11 incentive, a performance incentive on the non-electric
12 portions of the Program. So, those are the two
13 significant changes. And, when I say "changes", they
14 are changes from what was submitted on September 1st.
15 And, those changes came about as a result of the
16 Settlement Agreement. And, the document that you just
17 provided allows the updates, if you will, or the CORE
18 program descriptions to comport with what the
19 information is in the Settlement Agreement. So, the
20 Settlement Agreement was correct. However, the
21 attachment to the Settlement Agreement, as it is
22 reflected in the text, had old information in it and
23 didn't reflect accurately or -- and it did not comport
24 with what was in the Settlement Agreement.

1 I would only add to that that the
2 mathematical calculations that are contained in the
3 update of Attachment A are correct as stands. And,
4 they do reflect a program, which is still the pilot
5 program, and more specifically reflects a shareholder
6 incentive on only the electric measures associated with
7 the Home Performance with ENERGY STAR Program.

8 MR. EATON: Mr. Chairman, could we have
9 that document marked as "Exhibit 25" for identification?

10 CHAIRMAN GETZ: So marked.

11 (The document, as described, was
12 herewith marked as **Exhibit 25** for
13 identification.)

14 BY MR. EATON:

15 Q. Mr. Gelineau, could you please turn to Attachment B
16 please.

17 A. (Gelineau) I have that document in front of me.

18 Q. And, could you describe that document?

19 A. (Gelineau) This is a document which intended -- it is
20 intended to codify the unspent balances associated with
21 the 2010 CORE Programs. And, specifically, the intent
22 of this document is to identify monies which would not
23 be eligible for shareholder incentive as they are
24 carried forward from the 2010 Program Year.

1 Q. And, is Attachment B, which was filed on December 15th,
2 correct?

3 A. (Gelineau) No, it is not. It is correct as far as it
4 went. But it contained updates to a Staff document
5 that was circulated in mid November, and it did not
6 include -- which included updates for Public Service
7 Company of New Hampshire, as well as Unitil Energy
8 Systems. However, it did not include updates required
9 for the New Hampshire Electric Co-op. Those updates
10 are included for all three companies in the document
11 that you're currently distributing, which is dated
12 December 21st of this year.

13 Q. So, those numbers are the numbers that the parties will
14 rely upon, as far as excluding 2010 unspent budget
15 amounts and will not be subject to a shareholder
16 incentive?

17 A. (Gelineau) That is correct.

18 MR. EATON: Could we have this marked as
19 "Exhibit 26" for identification?

20 CHAIRMAN GETZ: So marked.

21 (The document, as described, was
22 herewith marked as **Exhibit 26** for
23 identification.)

24 MR. EATON: That concludes -- I'm going

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 to have Mr. Gelineau summarize the Settlement, but I think
2 Mr. Linder has another document that he would like to
3 mark. And, then, we will be done with this portion of the
4 direct presentation.

5 WITNESS GELINEAU: Attorney Eaton?

6 MR. EATON: Yes.

7 WITNESS GELINEAU: Could I suggest that
8 there's one other modification that we might want to note,
9 and that has to do with the Settlement Agreement itself.
10 On Page 3, I believe, of the Settlement Agreement itself,
11 and this is to comport with Attachment B, and let me
12 specifically get to that citing. On Page 3 of the Partial
13 Settlement, under Section B, it -- towards the middle of
14 that paragraph it starts "Since that date, PSNH and UES
15 have refined" -- or, "refiled", excuse me, "their
16 performance incentive", that should actually read "Since
17 that date, New Hampshire, NHEC, and UES have". So, we
18 need to add the Co-op to that particular sentence.

19 MR. EATON: Thank you, Mr. Gelineau.
20 Now, I believe Mr. Linder has a document that he would
21 like to introduce through this panel.

22 MR. LINDER: Mr. Chairman, it was
23 mentioned earlier that there were several signature pages
24 that didn't get added to the Settlement Agreement that was

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 filed on December 15th, simply because we ran out of time.
2 And, the document that I'm going to mention right now was
3 also a sentence that would have been added to the
4 Settlement Agreement itself, on Page 5 of the Settlement
5 Agreement, which is Exhibit 23. And, it's with respect to
6 the partially resolved issues, III, Section G, "Gas
7 Utilities Carry-Over and Impact on LDAC for Winter
8 2012-2013". And, that section runs over to Page 6 of the
9 Settlement Agreement, Exhibit 23. And, had there been
10 time, there would have been a last sentence added to that
11 top paragraph on Page 6 of Exhibit 23. And, because there
12 wasn't time to add that sentence, we created a document
13 entitled "Stipulation and Settlement" -- or, I'm sorry,
14 "Stipulation and Supplement to Program Year 2012 Partial
15 Settlement Agreement". And, it basically recites what
16 that last sentence would have been. And, this morning, we
17 were able to obtain signatures to that Stipulation and
18 Supplement for the parties who chose to sign onto it.

19 And, so, what I have now is that
20 document entitled "Stipulation and Supplement", which is
21 one page, and attached to it are two pages of signatures.
22 And, the Staff and all the parties have copies of that
23 right now. And, what I would ask the Commission to do
24 would be to allow us to mark this document as an exhibit

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[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 for identification. And, I'll provide copies now to the
2 Commissioners and Reporter and the Clerk. And, then, it
3 might make it easier for the panel, when the panel goes
4 through the Settlement Agreement, to be able to refer to
5 this as yet unmarked document. So, that is what this
6 document is.

7 CHAIRMAN GETZ: Well, let's mark it.

8 MR. LINDER: Okay.

9 (Atty. Linder distributing documents.)

10 CHAIRMAN GETZ: As "Exhibit 27" for
11 identification.

12 (The document, as described, was
13 herewith marked as **Exhibit 27** for
14 identification.)

15 MR. LINDER: But, since all the parties
16 and the witnesses have copies, I would have one for the
17 Stenographer, and three for the Commissioners, and one for
18 the Clerk. So, thank you.

19 CHAIRMAN GETZ: All set.

20 BY MR. EATON:

21 Q. Mr. Gelineau, could you please describe the resolved
22 issues in the Settlement Agreement.

23 A. (Gelineau) Yes. The Settlement Agreement, as has been
24 noted, has an Attachment A, which contains the

1 description of the CORE Programs as updated, to reflect
2 the changes from the original filing which was made in
3 August of 2010. Those updates include relatively small
4 changes, that include things like updates to rebates to
5 reflect changing market conditions, updated
6 technologies. There are some -- there's some
7 additional description for things like the Monitoring
8 and Evaluation Programs. There's some updates to the
9 modeling of the programs that reflects the most recent
10 Cost of Energy Study that was completed in 2011. And,
11 so, those updates are all contained in what's termed
12 "Attachment A" to the Settlement Agreement, and make up
13 those recharacterizations or those changes to the
14 original filing that was made in 2010.

15 Attachment B to the Settlement contains
16 the carry-over performance incentive exclusions. And
17 that, as you -- as we've gone through, there's an
18 update to that dated December 21st. And, that document
19 identifies those monies which were carried over from
20 Program Year 2010, which will be excluded from any
21 future shareholder incentive earnings.

22 There's also a statement in the
23 Settlement Agreement in Section C, which references the
24 so-called "VEIC Independent Study" of Energy Program

1 Policies in New Hampshire. And, essentially, what
2 that's suggesting is that the study, which was
3 conducted by the Commission, at the behest of the
4 Legislature, to look at energy efficiency and
5 sustainable energy in the state, will be the subject of
6 discussions at the quarterly meetings that will take
7 place during 2012. And, I think the parties wanted to
8 make it clear that they were going to talk about these
9 issues, but they also wanted to make sure that any
10 discussions would be coordinated with the Energy
11 Efficiency and Sustainable Energy Board such that we
12 would minimize any duplication of efforts.

13 The next section of the Settlement
14 Agreement, Section D addresses the Home Performance
15 with ENERGY STAR Program. And, what that section is
16 highlighting is the fact that the program, contrary to
17 what was filed on September 1st, when the utilities put
18 forth their proposal for the ENERGY STAR -- the Home
19 Performance with ENERGY STAR Program, in accordance
20 with the Settlement Agreement from last year -- from
21 the order and Settlement Agreement from the previous
22 year, we were ordered to put together our proposal by
23 September 1st for how the Home Performance with ENERGY
24 STAR Program would look in 2012. That has changed.

1 And, what the Settlement Agreement in Section D covers
2 are those changes. Specifically, that the program will
3 continue to operate as a pilot program, and the
4 performance incentive will be based strictly on the
5 electric measures installed.

6 I would also note that it's the intent
7 of -- it's my understanding it's the intent of National
8 Grid and the Co-op to continue operating and serving
9 all of their electric customers. But, should it come
10 to pass that all of those customers are served, this
11 program is available to all of the utilities as well
12 going forward.

13 The next section of the Partial
14 Settlement Agreement, Section E, talks about PSNH's
15 Customer Engagement Program proposal. This Customer
16 Engagement proposal is a new program, a new pilot
17 program for the Company that Public Service is
18 proposing for operation in 2012. That particular
19 program is a so-called "behavioral modification
20 program". Wherein the intent would be to reach out to
21 customers and engage them in energy efficiency
22 activities. And, the purpose of this pilot is to
23 examine the potential for reducing energy through the
24 exchange of information, such as enhanced utilization

1 information for each customer, such as it -- it would
2 also provide access to a website, which would provide
3 energy-saving tips, as well as opportunities for
4 customers to explore ways so that they can save energy
5 through their community.

6 So, for example, many of these programs
7 have aspects where they would have teams compete
8 against each other or communities competing against
9 each other to see who can save the most energy, for
10 example.

11 So, the purpose here is, of this
12 Customer Engagement Program, is to create a pilot
13 program, wherein we would be able to test some of those
14 capabilities, which are being tried in other areas of
15 the country, as well as in New England. There are a
16 number of pilots that are being operated by other
17 utilities, such as National Grid, Connecticut Light &
18 Power, and Western Mass. Electric.

19 Moving from there, we have the -- the
20 settlement terms are noted, it's noted in the Partial
21 Settlement Agreement that the settlement terms that are
22 agreed upon that would carry forward from the previous
23 agreement are incorporated into this agreement.

24 And, from there, we move into the

1 partially resolved issues.

2 Q. I have a couple of questions before we move to the gas
3 issue. On Attachment B, Mr. Gelineau, --

4 A. (Gelineau) Did you say "B"?

5 Q. "B", yes. The one-page revised exhibit. Am I correct
6 that the negative numbers are the ones that are
7 excluded from the calculation of the performance
8 incentive?

9 A. (Gelineau) That's correct.

10 Q. So, those were the numbers that were unspent in the
11 2010 Program and will not be used in the calculation of
12 a performance incentive?

13 A. (Gelineau) Correct.

14 Q. Thank you. Also, could you tell me what is PSNH's goal
15 for homes in the Home Performance with ENERGY STAR
16 Program, as it now is envisioned as a pilot, with no
17 performance incentive on non-electric measures?

18 A. (Gelineau) The Company envisions serving 1,036
19 customers.

20 Q. And, Mr. Palma, how many is the goal for the Unitil
21 Companies?

22 A. (Palma) The goal is 68.

23 MR. EATON: Thank you. That concludes
24 my direct examination.

1 MS. HOLAHAN: I have a couple of
2 questions for Mr. Stanley relative to the gas carry-over
3 issue.

4 BY MS. HOLAHAN:

5 Q. Mr. Stanley, are you familiar with the terms of the
6 Settlement Agreement and the Stipulation as they relate
7 to the gas carry-over issue?

8 A. (Stanley) Yes.

9 Q. Can you provide a brief introduction or a brief
10 description of the background of that issue?

11 A. (Stanley) Yes. As the Commissioners may be aware, for
12 the Program Years 2010 and 2011, the gas companies,
13 National Grid New Hampshire and Northern, have been
14 underspent in some of their energy efficiency programs.
15 And, in the Companies' recent winter cost of gas
16 proceedings, they sought to return those unspent funds
17 as part -- through that LDAC proceeding. And, the
18 Commission allowed the return of the 2010 funds to
19 customers, but directed the Companies to try to reach
20 an agreement with respect to the handling of the 2011
21 funds with the parties in the CORE docket.

22 And, as a result of the Commission's
23 orders in the cost of gas docket, the parties entered
24 into discussions regarding the treatment of such funds.

1 And, National Grid New Hampshire and Northern, along
2 with Staff, The Way Home, and the Community Action
3 Association have reached a partial settlement with
4 respect to the treatment of those gas carry-over funds.

5 Q. Can you summarize the terms of the Settlement Agreement
6 and the stipulation related to that issue please?

7 A. (Stanley) Yes. In summary, the Companies will carry
8 over unspent funds from 2011 into the 2012 Program
9 Year, and the Companies will market those funds as
10 outlined in Attachment D to the Partial Settlement.
11 And, Attachment D -- what's specified in Attachment D
12 is a variety of marketing strategies and tactics that
13 the Companies have, in some cases, already begun to
14 implement, in addition to the various methods that the
15 Company is considering implementing, including
16 accelerators or enhanced incentives. And, in that
17 example, in context with accelerators or enhanced
18 incentives, the Companies would propose that to the
19 Commission for approval prior to actual implementation
20 in 2012.

21 What the agreement also details is that,
22 by March 12, the Companies would set its program
23 budgets and goals for the 2012 Program Year reflecting
24 any carryover from 2011 into 2012, and that the

1 determination of what the specific amount of
2 uncommitted carry-over funds would also be made at that
3 date.

4 Also, the Companies may determine that
5 funds should be transferred in accordance with the
6 transfer policies that are already outlined as part of
7 the existing docket. And, lastly, the Companies may
8 return any uncommitted funds from 2011 to customers
9 through the winter LDAC rate proceeding.

10 MS. HOLAHAN: Thank you.

11 CMSR. IGNATIUS: Can I ask one
12 clarification? I just didn't hear it.

13 BY CMSR. IGNATIUS:

14 Q. Mr. Stanley, you said a date at which you would
15 "declare the funds ultimately unspent and put back
16 through the LDAC". What's that date?

17 A. (Stanley) Yes. I'm sorry if I wasn't clear. March
18 12th, 2012.

19 CMSR. IGNATIUS: Thank you. I think you
20 said it. I just didn't get it into my brain.

21 CHAIRMAN GETZ: Well, let me just make
22 sure I'm understanding. When it says "partially resolved
23 issues", the "partiality" refers to "not everybody
24 agrees"? Of the people who agree, they agree to

1 everything, but not everybody agrees. Is that -- am I
2 getting this? Can anybody help me?

3 MS. GOLDWASSER: Mr. Chairman, I think,
4 at the time -- the Settlement Agreement, as you may know,
5 was filed, you know, just under the deadline, as often
6 happens in this docket. And, I think, at the time there
7 was -- at the time it was printed, there was thought that
8 perhaps more parties would join to the earlier sections of
9 the Settlement Agreement, and perhaps we should have
10 refiled today without that "partial". Because, you're
11 right, everyone who signed the Settlement Agreement, who
12 matters to the gas issues, agreed to the paragraph that
13 you read.

14 I think the electric utilities have
15 stayed out of it. And, as has been recognized, the Office
16 of Consumer Advocate hasn't agreed to any part of the
17 Settlement Agreement. So, the word "partial" is with
18 respect to who, not what.

19 CHAIRMAN GETZ: Okay.

20 MS. GOLDWASSER: Does that help?

21 CHAIRMAN GETZ: I'm getting there. And,
22 I guess at some point we'll find out what, if anything,
23 the Consumer Advocate opposes or supports.

24 MS. HATFIELD: And, if I might just, I

1 thought -- I was reading that partially resolved issue on
2 Page 5, there's a sentence that says "This agreement on
3 the use of the carry-over funds constitutes the
4 recommendation from Staff, National Grid, Northern and the
5 Community Action Association". So, I was thinking that it
6 excluded Legal Assistance and OEP, but perhaps they can
7 clarify that.

8 CHAIRMAN GETZ: Mr. Linder.

9 MR. LINDER: Mr. Chairman, The Way Home
10 did and does support Section III.G in its entirety. And,
11 because we ran out of time, the concurrence of The Way
12 Home in that paragraph was not included. But, had there
13 been time, it would have been included.

14 CHAIRMAN GETZ: Okay.

15 MR. LINDER: And, the support of The Way
16 Home extends through this proceeding.

17 CHAIRMAN GETZ: Okay. Thank you.

18 MR. LINDER: Thank you.

19 MR. STELTZER: And, Mr. Chairman, just
20 to clarify the Office of Energy and Planning's position on
21 this. We are not in support of the language as written in
22 the Partial Settlement, III.G, nor did we sign onto the
23 Exhibit 27, that New Hampshire Legal Assistance provided.

24 CHAIRMAN GETZ: All right. Thank you.

1 MR. EATON: I believe the panel is
2 available for questioning.

3 MS. THUNBERG: Staff would like to have
4 a few questions. Thank you.

5 BY MS. THUNBERG:

6 Q. Mr. Cunningham, do you have the Settlement Agreement in
7 front of you?

8 A. (Cunningham) Yes.

9 Q. And, the amended pages that have been added to the
10 exhibits?

11 A. (Cunningham) Yes, I do.

12 Q. And, I just wanted to draw your attention to Page 3.
13 I'm in Section II, "Settlement Terms", Paragraph B, as
14 in "boy", "Carry-Over from 2010". And, just let me
15 know when you're there.

16 A. (Cunningham) Yes. I'm there.

17 Q. And, can you please explain why Staff is supporting
18 this section of the Settlement Agreement?

19 A. (Cunningham) Let's see. As part of the Commission
20 Order 25,189, the Commission established a new
21 calculation of the performance incentive, which would
22 be based on actual expenditures going forward and
23 budget expenditures, a change from what it had been,
24 which was budgeted expenditures in the past. So, the

1 last year that budgeted expenditures were used was
2 2010. Because of this transition, the Commission was
3 concerned that any calculation of performance
4 incentive, because of this transition, was done
5 accurately and that there would be no double-counting
6 of costs from the budget and the actual costs going
7 forward.

8 And, so, as a result, we identified the
9 difference between the budget and the actual for the
10 2010 Program Year, with the help of all of the
11 utilities. And, we've summarized that in this updated
12 attachment, Revised Attachment B. And, we concur with
13 that as being the updated amounts reflecting the
14 difference between the actual and the budget amounts
15 for the purpose of calculating performance incentives
16 going forward.

17 Q. Mr. Cunningham, is it fair to characterize that this
18 section of the Settlement Agreement is merely reporting
19 back to the Commission that the parties believe that
20 they are in compliance with that order?

21 A. (Cunningham) Yes, I do.

22 Q. And, I just want to ask you generally, why is Staff
23 supportive of this Settlement Agreement?

24 A. (Cunningham) Staff supports the Settlement Agreement

1 for a number of reasons. One of which was what we just
2 discussed, treatment of the 2010 budget versus actual
3 unspent funds. The Staff is also in support of the
4 Agreement because of the consideration it affords the
5 VEIC Independent Study. We're also in support because
6 the Settlement Agreement continues the HPwES Pilot
7 Program for the 2011 Program Year, which is without
8 prejudice to any party and Staff to later recommend
9 changes in the HPwES Program for 2013 and going
10 forward.

11 The Settlement Agreement also allows for
12 Staff and other interested parties to meet with PSNH
13 regarding the RFP and the final design of the Customer
14 Engagement Pilot, which it's possible to be completed
15 by March 31st, 2012.

16 And, finally, the Settlement Agreement
17 continues in place the terms of the 2010 Settlement,
18 not specifically addressed in this document, but
19 including financial audits expected for the 2011 and
20 2012 Program Year. That would complete my summary.

21 MS. THUNBERG: Thank you. Staff has no
22 further questions.

23 CHAIRMAN GETZ: Ms. Thunberg, I just
24 wanted to ask, do I surmise correctly that you haven't

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 offered to mark the testimony from Mr. Cunningham and Mr.
2 Iqbal, because all of the issues have been resolved in
3 settlement? Is that --

4 MS. THUNBERG: Correct, because the
5 usefulness of the testimony as evidencing Staff's opinion
6 no longer exists. Staff's opinion is now represented by
7 the Settlement Agreement. So, we didn't mark that
8 testimony, because it's been essentially superseded.

9 CHAIRMAN GETZ: Okay. Thank you.

10 MS. THUNBERG: Thank you.

11 CHAIRMAN GETZ: Anything further in
12 direct for the panel?

13 (No verbal response)

14 CHAIRMAN GETZ: Is there anything from
15 any of the attorneys for -- in terms of cross for other
16 members of the panel?

17 MR. EATON: No questions.

18 MS. HOLAHAN: No questions.

19 CHAIRMAN GETZ: Mr. Dean, are you --

20 MR. DEAN: No questions.

21 CHAIRMAN GETZ: Okay. Then, Mr.
22 Steltzer?

23 MR. STELTZER: If it's possible, I'd
24 prefer for Office of Consumer Advocate to go first.

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1 CHAIRMAN GETZ: Okay. Well, let's --
2 Mr. Nute?

3 MR. NUTE: No.

4 CHAIRMAN GETZ: Mr. Linder?

5 MR. LINDER: I have one question for Mr.
6 Stanley.

7 **CROSS-EXAMINATION**

8 BY MR. LINDER:

9 Q. This is just purely clarification. I probably misheard
10 something that you said on direct. That this goes to
11 III.G, which is the unresolved paragraph section and
12 regarding the carryover. And, I think a question was
13 posed as to a date that the Companies would ultimately
14 decide whether all the efforts to make the expenditures
15 in 2012 would have expired. And, then, at that point,
16 the Companies would make a decision as to whether and
17 how much would be refunded through the LDAC, if there
18 was a balance. Do you recall that general question?

19 A. (Stanley) Yes.

20 Q. And, what month would that decision be made, roughly?

21 A. (Stanley) Well, a decision would be made before, it
22 would be made -- be submitted on March 12th. So, a
23 decision would be made before then, leading up to that
24 date.

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 Q. The decision wouldn't be made later in the year, after
2 the attempted actions to make the expenditures?

3 A. (Stanley) No, it would be made on March -- it would be
4 filed on -- submitted by March 12th, 2012.

5 MR. LINDER: Okay. Thank for that
6 clarification.

7 CHAIRMAN GETZ: Thank you.

8 MS. THUNBERG: Mr. Chairman, I have -- I
9 don't know, if you would permit me, I think I have a typo
10 to ask about the document, if I could ask that question
11 before OCA does their cross?

12 CHAIRMAN GETZ: Please.

13 BY MS. THUNBERG:

14 Q. This is a question to Unitil. And, I'm looking at Page
15 29 of the Settlement document. And, there's a
16 reference to the "Home Performance with ENERGY STAR"
17 and the numbers of customers to be served, and it's
18 noted as being "68". And, I just want to make sure
19 that that number is accurate?

20 A. (Palma) "68" is the goal, not the cap. So, that is
21 accurate.

22 Q. Okay. And, that number is not changing?

23 A. (Palma) Well, it's the goal.

24 Q. Okay.

{DE 10-188} {12-22-11}

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 A. (Palma) So, the number could change, depending on if
2 projects tend to come in more expensive than we
3 projected, then the number of customers served would be
4 less. If the projects come in less expensive, the
5 number of customers served could be more.

6 MS. THUNBERG: Thank you for that
7 clarification. And, thank you, Mr. Chairman.

8 CHAIRMAN GETZ: Thank you. Well, Mr.
9 Henry, you made an appearance, but I don't think you're a
10 party. Did you have questions?

11 MR. HENRY: I do, but I think they're
12 going to be covered by the Consumer Advocate. And, if you
13 want me to ask my question now, I'm happy to ask it.

14 CHAIRMAN GETZ: Well, I guess it gets
15 maybe back to my fundamental point, is you made an
16 appearance, but I don't think you ever petitioned to
17 intervene, if I'm correct?

18 MR. HENRY: No. I did not.

19 CHAIRMAN GETZ: Okay. Well, let's turn
20 to Ms. Hatfield.

21 MS. HATFIELD: Thank you, Mr. Chairman.
22 Good morning, gentlemen.

23 WITNESS GELINEAU: Good morning.

24 WITNESS STANLEY: Good morning.

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1 WITNESS PALMA: Good morning.

2 WITNESS CUNNINGHAM: Good morning.

3 BY MS. HATFIELD:

4 Q. Mr. Palma, do you have a copy of Mr. Eckberg's
5 testimony with you? I can provide you with a copy, if
6 that would be helpful?

7 A. (Palma) That would be helpful. Thank you.

8 Q. Can you please turn to Page 14?

9 A. (Palma) Okay.

10 Q. Do you see the question and answer that begins on Line
11 1?

12 A. (Palma) I do.

13 Q. And, do you see, beginning on Line 4, there's a quote
14 from the order last year? Do you see that?

15 A. (Palma) I do.

16 Q. And, it refers to a question that Commissioner Below
17 asked, about an additional incentive that the electric
18 utilities might consider?

19 A. (Palma) Yes.

20 Q. Do you have any update on that issue?

21 A. (Palma) I do have an update. The utilities have
22 discussed offering a rebate on electric heat pump water
23 heaters. I've actually been studying or following the
24 technology for several years, probably eight years.

1 And, in the early years, the technology has been
2 somewhat spotty as far as its reliability and success.
3 However, the Massachusetts utilities have undergone a
4 pilot program. And, the results, with the evaluation,
5 should be available in August. And, it will be a
6 public document. But, in my job duties, Unitil also
7 operates a subsidiary, Fitchburg Gas & Electric Light
8 Company. So, I also work on behalf of that company.
9 So, I have been following the results of the pilot in
10 Massachusetts as well. And, when the results become
11 available, I will be bringing them back to the CORE
12 team to discuss for potentially adding this as a
13 measure in 2013.

14 Q. So, that is something that the parties could discuss
15 during 2012?

16 A. (Palma) Yes. Best, probably third quarter.

17 Q. Thank you. Mr. Gelineau, did the utilities have a
18 third party conduct both impact and process evaluations
19 of the HPwES Pilot Program?

20 A. (Gelineau) Yes, they did.

21 Q. Who was the party that conducted the studies?

22 A. (Gelineau) It's a consultant by the name of Cadmus.

23 Q. And, those studies are available on the Commission's
24 website, is that right?

1 A. (Gelineau) I believe so. They were submitted, I think,
2 on June 3rd of this year.

3 Q. Do you recall that both of those studies found that the
4 HPwES Pilot was effective and successful?

5 A. (Gelineau) That's my understanding, yes.

6 Q. And, do you recall that at least the process evaluation
7 recommended that the companies move forward with a
8 full-scale program?

9 A. (Gelineau) Yes.

10 Q. Do you recall that the studies also found high customer
11 satisfaction with the HPwES Program?

12 A. (Gelineau) That's correct.

13 Q. Did the studies make recommendations for improving the
14 HPwES Program?

15 A. (Gelineau) It did.

16 Q. Did the utilities implement any of those
17 recommendations?

18 A. (Gelineau) Yes, we did.

19 Q. And, those would be reflected in the compromise pilot
20 for 2012?

21 A. (Gelineau) Yes, they would be. Yes, they are
22 incorporated.

23 Q. At one of the technical sessions you shared some
24 information with the parties about a possible

1 partnership between HPwES and Better Buildings, do you
2 recall that?

3 A. (Gelineau) Yes, I do.

4 Q. Could you share some information about the status of
5 that?

6 A. (Gelineau) Certainly. I think what you're referring to
7 is discussions that -- well, as background, just so
8 that we're all working with the same information, the
9 State was successful in securing a grant for
10 \$10 million from the ARRA Program. And, as part of
11 that grant, a portion of the dollars were directed
12 toward providing energy efficiency for residential
13 customers. And, specifically, the grant was originally
14 designed to provide weatherization services for the
15 so-called "Better Buildings Communities of Berlin,
16 Plymouth, and Nashua". And, the program has been in
17 operation for in the neighborhood of 18 months or so.
18 Beginning, I would say, last April or so, we had
19 conversations with the Better Buildings implementers,
20 specifically, CDFA, who's responsible for administering
21 that program, and the Community Development Loan
22 Foundation. And, we were discussing ways that we might
23 collaborate and provide assistance or provide a way to
24 both enhance the CORE Program, as well as to provide

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 assistance on meeting the goals of the Better Buildings
2 Programs. Those discussions dropped off about mid June
3 or so, and we suspended those discussions because of a
4 few issues that came up in terms of funding.

5 However, we have recently reactivated
6 those talks. And, it seems that it -- it seems
7 promising at this point that we may be able to work out
8 an agreement, whereby Better Buildings could share in
9 the costs of providing the HPwES Program. And, broadly
10 speaking, that agreement would be something wherein the
11 cost of the rebates would be shared equally between the
12 two programs. And, in addition, the Better Buildings
13 Programs would be able to provide loan funding -- loan
14 support for customer loans for customers who would be
15 interested in participating in the Home Performance
16 with ENERGY STAR Program. That is particularly
17 important for Public Service Company, because we are
18 currently in a situation whereby the -- again, kind of
19 backing up a little bit to make sure that we are on the
20 same page, we have a fund of some \$500,000 that was
21 used to establish a revolving loan fund that was
22 originally seeded through RGGI dollars. Those funds
23 have been completely expended, and that loan is
24 actually revolving at this point. So, we are getting

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1 monies back in from customers who have received loans,
2 but the whole -- we have lent out at this point
3 something in the neighborhood probably of about between
4 550 and \$600,000. So that those monies have been used,
5 and we are -- no longer have been able to make loans
6 immediately when a customer is interested, we have to
7 wait until a loan is repaid in order to make a loan.

8 So, that aspect of this arrangement with
9 Better Buildings is -- it would be an enhancement that
10 would allow or it would facilitate customers who are
11 interested in proceeding with energy efficiency
12 measures. So, overall, an agreement with Better
13 Buildings would do two things: It would provide
14 additional funding for the rebates that were provided
15 through the Home Performance with ENERGY STAR, and it
16 would provide loans for those customers who would be
17 interested in pursuing it. And, overall, what that
18 would do, it would allow us to do more work, because we
19 would have more funds, and we wouldn't be spending all
20 of the CORE efficiency funds to get the work done. As
21 I indicated earlier, we currently have plans to work on
22 1,036 homes. And, it would be, if this is successful,
23 if this negotiation with Better Buildings is
24 successful, I would expect that we would be able to do

1 additional work.

2 I could go on. But let me just -- let
3 me just throw in one more thing here, is that there's
4 two other aspects that are of note. And, the first is
5 that the loans would potentially allow loans up to
6 \$20,000, and that wouldn't be available to our
7 customers until such time as we had modified our tariff
8 in this arena to and seeks approval, but the funding
9 would be there from the Better Buildings' viewpoint.
10 And, what that would do would enable customers who were
11 interested to pursue deeper energy efficiency measures,
12 if they so desired. The other thing that it would do
13 is, if this arrangement is designed such that, for
14 customers who complete all of the cost-effective energy
15 efficiency measures as determined by the utility's
16 cost/benefit test, would be able to pursue other
17 measures beyond those measures with financing through
18 this loan arrangement. So, again, it would be another
19 way to facilitate what I'll call as "deeper retrofits"
20 on homes for customers who were so interested.

21 Q. Thank you. Could you please turn to Attachment C of
22 the Settlement Agreement.

23 A. (Gelineau) I'm there.

24 Q. This is a description of the Customer Engagement Pilot

1 Program, is that correct?

2 A. (Gelineau) That's correct.

3 Q. And, in the following pages, there are examples of how
4 other utilities offer similar programs, is that right?

5 A. (Gelineau) That is correct. It provides a sample of
6 reports that customers might receive who will be
7 participating in a Customer Engagement Program.

8 Q. And, I believe earlier you referred to two NU
9 companies, sister companies to PSNH, that offers these
10 types of programs, is that right?

11 A. (Gelineau) That's correct. Both Connecticut Light &
12 Power and Western Mass. Electric.

13 Q. And, those are included in the examples that you
14 provided?

15 A. (Gelineau) They are.

16 Q. Turning back to the Settlement Agreement, on Page 4,
17 Section II.E covers the Customer Engagement Program, is
18 that correct?

19 A. (Gelineau) It begins on Page 4, and rolls over onto
20 Page 5 in my copy.

21 Q. And, at the top of Page 5, it states that there's a
22 "projected benefit/cost ratio of 1.01", correct?

23 A. (Gelineau) That's correct.

24 Q. And, the last sentence discusses the timetable, is that

1 right?

2 A. (Gelineau) That's correct.

3 Q. And, it states that "The Parties and Staff will use
4 reasonable efforts to reach an agreement on CEP by
5 March 31st, 2012", correct?

6 A. (Gelineau) That's right.

7 Q. If there isn't an agreement by March 31st, what do the
8 parties contemplate might happen?

9 A. (Gelineau) I can only speak for myself on this
10 particular issue. But I guess I would, you know, I
11 think that it would be, as we go through the process,
12 we would be looking to see if we're making progress.
13 And, if we're making reasonable progress, I would
14 expect that we would extend the time. Just as if we
15 made progress more quickly than what we expect, I would
16 expect that we would accelerate the process. So,
17 potentially, we would get this done before March 31st.

18 I think that it would be our intent to
19 try and get this rolled out as quickly as possible.
20 And, it's our expectation that all interested parties
21 would be working in good faith to get this done as
22 quickly as possible.

23 Q. And, if there wasn't an agreement, is it your
24 understanding that a party could seek assistance from

1 the Commission in resolving the disagreement?

2 A. (Gelineau) I would expect that would be the case, as
3 might be the case in any disagreement that we might
4 have, yes.

5 Q. And, if that timeline gets extended out, is PSNH
6 concerned at all about their ability to implement the
7 program and spend the amount budgeted for it?

8 A. (Gelineau) Yes, that would certainly be a concern, if
9 it got delayed unduly.

10 Q. Thank you. Mr. Stanley, I would like to ask you a
11 question about the partially resolved issue. I
12 apologize if this has already been asked, but I'm
13 having trouble understanding the process. That
14 paragraph says that "On or before March 12th, Grid and
15 Northern will determine and provide to the parties the
16 final amount of 2011 unspent funds." Is that correct?

17 A. (Stanley) Yes.

18 Q. And, the next sentence says "At that time each company
19 will also file its updated program budgets and goals
20 for 2012." Is that right?

21 A. (Stanley) Yes.

22 Q. And, then, you referred to an attachment to the
23 Settlement, Attachment D, where you outlined some of
24 the efforts you're going to take to try to expend those

1 funds. And, then, in the Settlement, you say "Each
2 company may credit any remaining portion of carry-over
3 funds back to its customers through the 2012-2013
4 Winter cost of gas and LDAC rate", correct?

5 A. (Stanley) Yes.

6 Q. Would you know exactly what that unspent amount was on
7 March 12th or would it be an amount that you would
8 determine closer to when you made your LDAC, your cost
9 of gas filing?

10 A. (Stanley) We'll know the amount of unspent funds from
11 2011 prior to March 12th. That's when we -- that date
12 coincides with when we typically file our annual
13 report. So, we'll have our aggregated numbers for our
14 entire portfolio of what has been spent or not spent.

15 Q. So, let's say, for example, that for Grid the unspent
16 amount is a million dollars. So, on March 12th, if I
17 understand this correctly, you would report to the
18 parties "It's a million dollars, and here's our revised
19 2012 plan incorporating that million dollars additional
20 to our budget." Is that correct?

21 A. (Stanley) The companies would incorporate into its
22 budgets and targets what it anticipates being able to
23 spend from that unspent amount into -- from 2011.

24 Q. I see. So, the carryover might be a million dollars,

1 but your plan might say "we realistically think we can
2 only spend 500,000" or something like that?

3 A. (Stanley) Possibly, yes. And, that's in the scenario
4 you outlined.

5 Q. And, the final amount you've been able to spend by the
6 time the LDAC proceeding arises, that number you
7 wouldn't know on March 1st. You would probably know it
8 later in the summer, is that correct?

9 A. (Stanley) We would know specifically, yes, later in the
10 summer. Yes.

11 Q. And, the Company usually makes its LDAC filing in
12 September, is that correct?

13 A. (Stanley) Correct.

14 Q. Mr. Gelineau, are you familiar with the law RSA 125-0
15 that allows PSNH to spend certain funds on efficiency
16 projects at its own facilities?

17 A. (Gelineau) I am.

18 Q. And, do you recall, in the last CORE docket, in DE
19 09-170, that the parties reached a settlement agreement
20 with the Company on how it would propose to spend those
21 funds?

22 A. (Gelineau) I do.

23 Q. And, is it true that over the course of last year and
24 this year you have been making filings in that docket

1 to apprise the parties of plans to spend those dollars
2 and also the balance of that fund?

3 A. (Gelineau) Yes, that's true.

4 Q. And, your most recent filing that included that
5 information was made on November 30th of this year?

6 A. (Gelineau) I believe that's true. I don't have that
7 document in front of me, but I believe that's accurate.

8 Q. And, that is included in part of your shareholder
9 incentive filing, is that right?

10 A. (Gelineau) The information in that November 30th letter
11 is supplemental to what we would file with our
12 shareholder incentive. Our shareholder incentive
13 contains a calculation of the anticipated amount that
14 would be available for use at PSNH's facilities. And,
15 so, on an annual basis, it determines what that
16 2 percent number might be. It could be up to
17 2 percent, and it could be as low as zero, depending on
18 a number of factors. But the intent of the attachment
19 or supplement to the shareholder incentive is to
20 provide the Parties and Staff with the data that shows
21 what we would anticipate that amount or that increment
22 for that preceding year would be, so that they are
23 related in that way.

24 Q. And, do you recall in that November 30th filing that

1 you identified just over \$238,000 that was available
2 under that funding mechanism?

3 A. (Gelineau) I believe that, and, I'm sorry, I don't have
4 the document that you're referring in front of me, but
5 my recollection is that \$238,000 is the amount that
6 would be moved to the 2 percent fund, if you will, from
7 the 2010 Program Year, when the shareholder incentive
8 was finalized. And, that process has not yet taken
9 place, but it's imminent.

10 Q. And, then, from time to time you provide information to
11 the parties on proposed projects to be funded from
12 those dollars, is that correct?

13 A. (Gelineau) That is correct.

14 Q. And, when you have provided those this year, including
15 in October and November, you also provided a current
16 balance in that fund, is that right?

17 A. (Gelineau) Yes. I tried to provide that information
18 such that the parties knew what we had planned to spend
19 and what the balance was in the fund.

20 Q. On November 23rd, you sent an e-mail to the parties
21 saying that the balance was just over \$152,000. Do you
22 recall that?

23 A. (Gelineau) Yes. I believe that's true.

24 Q. Would you add that to the 238,000 that you said you

1 haven't transferred yet?

2 A. (Gelineau) I think better said, we would add the 238 to
3 that balance, yes. That's true. The only thing I'd
4 add is that I think that at the time we were proposing
5 several additional projects. I think there were three
6 projects that we proposed; one in Milford, one in
7 Hooksett, and one in Portsmouth, if I remember
8 correctly. And, I think what we tried to say was that
9 the balance in the fund, prior to booking that \$238,000
10 that was associated with the 2010 Program Year, the
11 balance was \$150,000 prior to booking the -- or, prior
12 to the spending of the monies associated with those two
13 -- three new proposed projects, and prior to the
14 booking of that \$238,000.

15 Q. Thank you. Mr. Palma, do you agree with how Mr.
16 Stanley described the process for the unspent gas
17 funds, in terms of identifying the number and
18 identifying projects in March, and then knowing the
19 final unspent amount before the LDAC filing?

20 A. (Palma) I do. The only thing I'd like to add is that
21 the LDAC filing in September is a projection, because
22 it's not year-end, so we have to project through the
23 next four months where we will be in spending.

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

1 I have nothing further.

2 CHAIRMAN GETZ: Thank you. Mr.
3 Steltzer.

4 MR. STELTZER: Yes, I do have just a
5 follow-up question.

6 BY MR. STELTZER:

7 Q. Mr. Gelineau, in the Partial Settlement, Section E, on
8 PSNH's Customer Engagement Program Proposal, Office of
9 Consumer Advocate had asked some questions regarding
10 that last sentence that states "will use reasonable
11 efforts to reach an agreement on [the] CEP by March
12 31st, 2012." Is it your understanding that, by signing
13 this Partial Settlement, that the parties are agreeing
14 that the CEP Program should be implemented in 2012?

15 A. (Gelineau) Yes, that would be my understanding. That
16 there would be a good faith effort made to put together
17 everybody's thoughts and get the program operational in
18 2012.

19 Q. So, it would be correct to say that you don't believe
20 that, after March 31st 2012, the Company would need to
21 submit something to the Commission to receive
22 permission after an agreement has been reached?

23 A. (Gelineau) Assuming that the Commission approves the
24 Settlement as it's been submitted, I would agree with

1 that.

2 Q. And, Mr. Cunningham, is that your understanding as
3 well?

4 A. (Cunningham) It's a hypothetical. It's hard for me to
5 say what the answer is. The Settlement Agreement
6 clearly states that the parties will work in good faith
7 with the Company to get this program rolled out by
8 March 31st. Beyond that, I'd reserve my opinion.

9 MR. STELTZER: Thank you.

10 CHAIRMAN GETZ: Thank you. Commissioner
11 Below.

12 BY CMSR. BELOW:

13 Q. Well, just to clarify that sentence on Page 5 of the
14 Settlement Agreement at the end of Section G -- I mean,
15 not "G", E. It says "the Parties and Staff". Is that
16 intended to refer to just the "Settling Parties and
17 Staff" or do the "Parties" mean "all the parties in the
18 docket and Staff"? Throughout this Settlement
19 Agreement often it says specifically "Settling Parties
20 and Staff", and here it just says "Parties and Staff".
21 I guess, maybe the prior sentence may inform that. It
22 says "Staff and other interested parties agree to
23 meet". But is it the intent that parties who aren't a
24 party to the Settlement might also participate in those

[WITNESS PANEL: Gelineau|Palma|Stanley|Cunningham]

1 discussions?

2 A. (Gelineau) I guess I would, regardless of what it says
3 here, I guess I would answer that question that we
4 would welcome input from interested parties. And, I
5 guess I would also go onto say that I believe it would
6 be, as the implementer and the administrator of this
7 program, I think it would be we welcome input from
8 everyone, but, at some point, we may have to make a
9 decision, and it would be our decision to make, as far
10 as what we do in the end. But we will seek input from
11 all parties and try and reach a consensus on it. But
12 it may come to a point where we just need to make a
13 decision.

14 CMSR. BELOW: Okay. Thank you. That's
15 all.

16 CHAIRMAN GETZ: Commissioner Ignatius.

17 CMSR. IGNATIUS: Thank you.

18 BY CMSR. IGNATIUS:

19 Q. And, let's stay with that program while we're there, a
20 few more questions. The Settlement Agreement on the
21 Customer Engagement Program describes the need to
22 develop a "request for proposal process and final
23 design of the CEP Program", and everyone's expectation
24 of "good faith effort to reach agreement". But, if

1 year. And, I think, from a "big picture" standpoint,
2 we're looking at a suite of programs that has some
3 \$20 million in value. This pilot is only that, it is a
4 pilot, and it's of a quarter of a million dollar
5 number. And, you know, I'm not trying to belittle a
6 quarter of a million dollars by any stretch, but I am
7 trying to say, I'm trying to put it into some kind of a
8 perspective here. As Public Service has responsibility
9 for effectively implementing some \$15 million worth of
10 programs. And, I think that I'm going to suggest that
11 we are going to do our absolute best to treat this,
12 these dollars, as if they were coming out of my pocket,
13 I can tell you that. And, I think that what we're
14 trying to do is to not wait on an annual basis to be in
15 a position to do this. We don't want to wait until
16 2013 to proceed with this. And, in the interests of
17 trying to move that ball forward, rather than drop
18 this, because it wasn't ready for prime time or it
19 wasn't ready where we had a signed agreement with a
20 vendor, for example, at this point in time we felt it
21 was better to suggest that we'll work with the parties
22 to iron out the details, and then move forward from
23 there.

24 Q. That's helpful. The Attachment C to the Settlement

1 Agreement, I take it, is the details that have been
2 developed thus far for this Pilot Program?

3 A. (Gelineau) That summarizes. I mean, we have had
4 meetings with several vendors, for example. And, this
5 summarizes what we've seen as the types of offerings
6 that are out there. There are differences between
7 them, but they -- broadly, I think this lays out the
8 category and shows that there are more -- probably more
9 similarities than there are differences between these
10 types of programs. And, one of the things that we
11 didn't want to do in making this proposal was we didn't
12 want to say that, you know, we're favoring one vendor
13 over another such that we hurt our bargaining position
14 when we go forward with one vendor, because this is a
15 public meeting, and those vendors are, in fact,
16 watching the results of this. And, we don't want them
17 to feel as though they have an inside track on a
18 particular program that we would pursue, such that then
19 they would be in a better bargaining position to keep
20 the price high, and we're trying to keep the price low.

21 Q. The budgeted amount, on Page 2 of this Attachment C,
22 lists the amount to be spent, and you just spoke of it,
23 \$250,000?

24 A. (Gelineau) That's correct.

1 Q. Even though all of the details are not worked out, is
2 it a commitment that the budget be no more than
3 \$250,000 during the pilot period?

4 A. (Gelineau) We certainly could make that a hard and fast
5 number. There are a number of different parameters
6 that you can play with, in terms of trying to come up
7 with a figure. The number of participants in the
8 program is going to impact the cost, how you implement
9 the program. For example, one outreach method to
10 customers is through hardcopy, paper copy, a letter in
11 the mail; another is through e-mail. And, you can vary
12 the weighting of how many e-mails you get as opposed to
13 how hardcopy measurements -- hardcopy letters that
14 would go out. And, that's another way that you could
15 influence the cost. And, so, those are variables that
16 you could use with any vendor to come up with a program
17 that would allow you to test what it is that we're
18 trying to test and still stay within a budgeted amount.

19 So, I think that we can -- we have done
20 enough discussion that I think that that's a reasonable
21 number. And, I think that it would be our expectation
22 that we're going to be able to operate a pilot that is
23 broadly within those parameters and get the job done
24 that we expect to get done.

1 And, I think the only thing I'd add is
2 that one of the things that we are trying to do here,
3 as opposed to many of the programs that have been
4 implemented, they typically work with those customers
5 who are high use customers. And, so, it tends to be a
6 result that might be -- it might not be indicative of
7 what you might see with a full-scale implementation.
8 And, one of the things that we are pressing for in this
9 particular pilot is to have a pilot that is scalable,
10 such that, if we decide that this is working, and that
11 we have demonstrable energy savings, and the results
12 are a high customer satisfaction, that we can expect
13 those same results if we rolled it out to the entire
14 population.

15 Q. The savings that you're hoping to see I assume are
16 actual savings looking at usage data, and not
17 projections based on people's hopes of what might occur
18 in the future?

19 A. (Gelineau) That's true.

20 Q. There are some programs where people commit to certain
21 changes in their lives and can calculate what that
22 would mean and end up with a total of savings, but, in
23 fact, it's only things that they could do if they
24 really carried it out all the things they have promised

1 to do. You understand what I mean, the difference
2 between the two?

3 A. (Gelineau) I believe so. And, I would say that the --
4 one of the approaches that's used is a rewards
5 approach, for example, where customers who are actually
6 saving money, saving energy, as demonstrated through a
7 bill comparison from the previous year, for example,
8 receive coupons from -- to Home Depot for home
9 improvements that might further improve energy or
10 purchase compact fluorescent lights, those types of
11 things. So, that's one of the approaches that's used.
12 And, as I say, what drives the level of reward is the
13 level of savings.

14 Q. So, promising to lower my thermostat by 2 degrees
15 doesn't get counted as a savings, it's only if the
16 actual usage data shows it?

17 A. (Gelineau) That's correct. Another thing that we're
18 looking to try and accomplish here is to have third
19 party verification of these results. So, it would be
20 our intent that we would have, you know, the vendor
21 themselves are going to offer a suggested, you know,
22 "this is what was saved". We're going to be evaluating
23 that as well. But we're also -- it's our intent to
24 have an independent look and to see that the savings

1 are, in fact, real. And, so, we have typically not
2 counted savings like this in the past in these
3 programs. And, so, that's one of the things that we're
4 anxious to make sure that, when we say "we have
5 savings", that we can -- we cannot only validate it,
6 but somebody else can take a look at it and say "Yes,
7 those savings are real and they're being achieved."

8 Q. Thank you. Let's talk about another pilot program. Do
9 we have to say "HPwES"? Maybe, Mr. Cunningham, let me
10 ask you. You described it as a "continuation of a
11 pilot program". And, Ms. Hatfield recounted some of
12 the success of the program and satisfaction with the
13 program. I know in your testimony automatic, though it
14 hasn't been marked, you've raised concerns about the
15 program and questions of fairness. Why is this
16 continuing as a pilot, in your view, as opposed to a
17 full implementation?

18 A. (Cunningham) Those were the terms of the Settlement.

19 Q. Can you shed any light on why you feel, as a signatory,
20 that continuation of a pilot is the appropriate result
21 or appropriate term?

22 A. (Cunningham) I'd have to open up the rationale in my
23 testimony and my colleague's testimony to answer that
24 question. If that's an appropriate thing to do, I'll

1 be happy to do it.

2 Q. I'm not asking for any discussion of confidential
3 settlement terms. And, maybe others would like to
4 speak to it. I really am asking about, it's been a
5 pilot now for has it been a year? How long have we had
6 it as a pilot program?

7 A. (Cunningham) Two years.

8 Q. Two years. Thank you. And, the general notion of a
9 pilot is that you're trying something out in order to
10 make a decision about the future, whether it should be
11 disbanded or made into a permanent program, or
12 continued as a pilot because of some further analysis
13 that needs to be done. So, the fact that it's in a
14 "pilot" status, continuing in a "pilot" status, makes
15 me wonder, are there things we're still studying before
16 we would feel confident expanding it or things that are
17 of concern that perhaps it should no longer exist as a
18 program at all?

19 A. (Cunningham) There are some major concerns that I think
20 you should be aware of, in the context of going
21 full-blown program from a pilot program. And, I would
22 have to address it in the context of fairness. Is it
23 fair for one group of customers to pay 100 percent of
24 their usage for energy efficiency charges and get the

1 same benefits as another group of customers that pays
2 25 percent of their energy usage and gets the same
3 benefit?

4 Q. And, tell me --

5 A. (Cunningham) Further, I would go on to say, is it fair
6 for one customer group to have an exclusive program,
7 and then to have to share that program, open up that
8 program with all other customers, given that one group
9 of customers pays significantly more?

10 The other thing that's of concern to me
11 with going full-blown from a "pilot" status, and I
12 understand your point about "it's been a pilot for a
13 couple of years", however, the Commission wanted it
14 evaluated before it went full-blown. And, we've had
15 some discussion this morning that it has been
16 evaluated. So, I think we got to a decision point with
17 the pilot program that, if we go full-blown, is that
18 fairness issue one that has to come before the
19 Commission for a decision? And, in the context of the
20 settlement discussion that we had before us, we thought
21 it would be appropriate for us to examine this issue in
22 a little bit more detail in the context of our
23 quarterly meetings in 2012, before we decided to go
24 full-blown implementation of the program.

1 There are some other issues, too,
2 Commissioner. The Commission has approved fuel blind
3 programs for the past five or six years. And, in the
4 introduction of this program as a full-blown program in
5 2012, the percentage of residential programs that moves
6 from "electric only" savings to "electric/other
7 savings" is significant. If you were to look at some
8 of the history of fuel neutral programs that the
9 Commission has approved, we have an ENERGY STAR Program
10 that's fuel neutral, and we have a Home Energy
11 Assistance Program that is fuel neutral. And, this
12 program, if it were to go full-blown, would be a third
13 program. If, just hypothetically, you were to look at
14 the impact of having three residential programs that
15 were all fuel neutral programs, you would find that
16 75 percent of the residential programs are fuel
17 neutral. And, if you were to further look at these
18 programs to discern what the percentage of the savings
19 for these programs is non-electric, it would be 85 to
20 98 percent non-electric. And, so, the concern comes up
21 in at least in my mind, is that what the Commission has
22 in mind for this approval going forward? Do they want
23 the fairness issue to be addressed? And, do they also
24 -- are they also -- is the Commission also aware of the

1 impact of approving the program that has 75 percent of
2 its residential programs allocated to fuel neutral
3 programs? And, within that 75 percent of programs,
4 does the Commission really want to approve programs
5 that have up to 98 percent non-electric savings?

6 So, those are some of the points that
7 concern me about this program going full-blown.

8 Q. And, is there -- that's very helpful. Is there any
9 mechanism for the CORE team to evaluate those questions
10 over the next six months or so?

11 A. (Cunningham) In my opinion, the question of fairness is
12 a Commission decision; not a CORE team decision.

13 Q. How then do you expect those issues to come before the
14 Commission? I mean, do you see them being teed up for
15 the next full case before us?

16 A. (Cunningham) That's one possibility. I would agree.

17 Q. Will there be discussions among the stakeholders on
18 those issues or is that not, in your view, not needed,
19 and it's really just the matter of the Commission
20 taking it up through testimony or recommendation by a
21 party or a Staff member?

22 A. (Cunningham) I think, as we get into a discussion
23 amongst the CORE team members about a full-blown
24 program, a number of issues might come up, and it's

1 hard to predict what all those issues might be. And,
2 they might all be resolved in the form of a program
3 that's put before the Commission.

4 But, as we -- as I look at the program
5 at this point, I see a fairness issue. It's one that
6 needs to be resolved. And, I see an impact going
7 forward that might not be the impact that the
8 Commission expects, unless it's pointed out that a
9 significant portion of the savings of residential
10 programs is moving in the direction of non-electric
11 savings.

12 Q. Another question on the carry-over issues, and just to
13 be sure I understand the dates. Mr. Stanley, you've
14 described the plans to assess budgeted amounts and a
15 submission to the Commission in the middle of
16 March 2012. But that's not the final date at which you
17 know it's officially unspent, because that would follow
18 later in the summer you said, is that right?

19 A. (Stanley) We would know what our final amounts of
20 unspent funds from 2011 is by that date. It would be
21 by the time we have prepared our final annual report
22 for program performance in 2011 -- for 2011.

23 Q. I'm not sure I followed that. So, by March 2012, you
24 will know the final unspent amount for 2011?

1 A. (Stanley) Correct.

2 Q. All right. So, there was some discussion with, I've
3 forgotten who now, about not yet knowing until the
4 summer's gone through and how much would be credited to
5 the LDAC until well after that March date. What was
6 that about? I, obviously, misunderstood.

7 A. (Stanley) I'll try to clarify.

8 Q. Thank you.

9 A. (Stanley) What we're proposing -- what's outlined in
10 the Partial Settlement is that the Companies by, as I
11 just stated, March 12th, would determine how much has
12 been unspent from 2011. And, by that same date, the
13 Company would be proposing or submitting what it --
14 what it believes can be spent from those unspent
15 dollars from 2011 that could be utilized for projects
16 in 2012.

17 Q. We're using the word "unspent" to mean two different
18 things. That's the problem.

19 A. (Witness Stanley nodding affirmatively).

20 Q. So that, when I mean "unspent", I mean a final
21 drop-dead date, you didn't make the goal, we have to do
22 something else with the money. What's that date?

23 A. (Stanley) The final date when we wouldn't be able to do
24 something with the money, or need to credit it back to

1 customers, would be through the existing process
2 through the LDAC proceeding.

3 Q. And, sometime probably in the late summer or fall of
4 2012?

5 A. (Stanley) Correct. Historically, the September time
6 period.

7 Q. The description, when we talked about this through the
8 prior cost of gas proceeding, was that your company had
9 some dislocation in staffing on these energy efficiency
10 programs and some other challenges and kind of fallen
11 behind in being able to meet some of those goals.
12 Where do you currently stand on that?

13 A. (Stanley) The staffing issue we believe has been a
14 factor historically, when we look back at 2010. We
15 think the primary issues that we're facing right now
16 have to do with the broader market. And, the
17 challenges that we're seeing within our C&I gas program
18 in New Hampshire, we are seeing the similar issues
19 within our New York territory and our Massachusetts
20 territory, where we offer essentially the same program
21 offer. And, we're experiencing instances where
22 customers who we're working with, we've made proposals
23 where they're declining our offers. Because, given
24 where gas prices are, given where businesses are in

1 making decisions for making investments in capital, in
2 some cases, energy is less of a priority at the moment,
3 particularly for customers who currently have natural
4 gas.

5 So, again, the staffing issue you
6 brought up, that was referenced during the cost of gas
7 hearing for National Grid, we do see that has been a
8 factor in the past. The Company has staffed up
9 progressively, recently over the past three months we
10 have nearly doubled the team in place that is
11 supporting working with our C&I gas customers. And,
12 over the past four months, we've had a wide range and
13 aggressive initiatives to market to our customers to
14 help increase awareness of our programs, and where
15 we're performing direct outreach and meeting with
16 customers and making proposals on projects.

17 But, again, we see the biggest issue
18 that, in many cases, the incentives that we're
19 providing to customers, given where gas prices are, are
20 not, in some cases, enough to get them to make a
21 commitment.

22 Q. In that prior cost of gas proceeding there were a
23 number of companies described as being "likely targets
24 to take advantage of these programs" that had been

1 identified by the Jordan Institute and maybe others.

2 Have you worked with that list and had any success with
3 those names?

4 A. (Stanley) We have worked with that list, with Dick
5 Henry, who had submitted that. And, we have not been
6 able to secure any customer commitments from that list
7 that was submitted to date.

8 Q. Mr. Cunningham, there's a reference in Mr. Eckberg's
9 testimony about uncertainty over the status of the
10 electric company audits, and whether any audits of the
11 gas company were occurring on these programs. Can you
12 give us any update on that?

13 A. (Cunningham) I'd be happy to. I think Mr. Eckberg
14 missed what was going on in the LDAC proceeding. Over
15 the years, in the context of natural gas energy
16 efficiency programs, the funding for those programs was
17 approved in the context of the LDAC proceedings. And,
18 each year, as the analyst on the case, I would advise
19 the Director of the Gas Division with respect to the
20 LDAC and the appropriateness of the LDAC funding
21 mechanism. And, in the context of my analysis with the
22 Director, I would always ask for a sample audit to be
23 done by our Audit Staff for a select -- they would pick
24 the months, and they would go to the Company and they

1 would audit that month expenditure for energy
2 efficiency programs. And, there was never, very few,
3 if any, exceptions taken by the auditors to their
4 examination.

5 Q. Are there ongoing audits of the electric or gas
6 utilities on the energy efficiency programs, in
7 addition to what you just described?

8 A. (Cunningham) Yes. Going -- I guess I'd have to
9 differentiate going forward. In the context of where
10 we are today, we have a multi-year approval from the
11 Commission to do energy efficiency for both electric
12 and gas companies. And, the arrangements that have
13 been made for scheduling New Hampshire PUC Audit Staff
14 work has been to put on the agenda for their schedule
15 both the electric and the gas company audits for the
16 multi-year 2011-2012 filing that the Commission has
17 approved. And, in that context, the 2011 programs will
18 be reviewed when the final information is available
19 from the utilities, and that will be July, June of
20 2012. So, when that information is available, the
21 auditors will incorporate that in their schedule and go
22 out to visit the various companies to do the financial
23 audit of their energy efficiency programs.

24 CMSR. IGNATIUS: Thank you. Nothing

1 else. Appreciate it, gentlemen.

2 CHAIRMAN GETZ: Is there anything
3 further for the panel?

4 (No verbal response)

5 CHAIRMAN GETZ: Okay. Hearing nothing,
6 then --

7 MS. THUNBERG: Are you asking for re --
8 are you asking for opportunity for redirect?

9 CHAIRMAN GETZ: Well, that comes under
10 the heading of "anything further".

11 MS. THUNBERG: Thank you.

12 CHAIRMAN GETZ: So, redirect.

13 MS. THUNBERG: Thank you.

14 **REDIRECT EXAMINATION**

15 BY MS. THUNBERG:

16 Q. Mr. Cunningham, just ask you a question about the
17 settlement document with the attached revised updated
18 CORE energy efficiency programs. Do you have that in
19 front of you?

20 A. (Cunningham) Yes.

21 Q. Together this document is not requesting the Commission
22 approve any program design changes, is that correct?

23 A. (Cunningham) Yes, that's correct.

24 MS. THUNBERG: Okay. That's the only

1 question I wanted to clarify. Thank you.

2 CHAIRMAN GETZ: Okay. Thank you. All
3 right. Then, the witnesses are excused. Thank you,
4 gentlemen.

5 All right. Let's take about a five or
6 ten minute recess, and then we'll resume with Mr. Eckberg.

7 CHAIRMAN GETZ: Okay. We're back on the
8 record. Ms. Hatfield.

9 MS. HATFIELD: Thank you, Mr. Chairman.
10 The OCA calls Steve Eckberg.

11 (Whereupon **Stephen R. Eckberg** was duly
12 sworn by the Court Reporter.)

13 **STEPHEN R. ECKBERG, SWORN**

14 **DIRECT EXAMINATION**

15 BY MS. HATFIELD:

16 Q. Good afternoon, Mr. Eckberg. Would you please state
17 your full name for the record.

18 A. My name is Stephen R. Eckberg.

19 Q. And, by whom are you employed?

20 A. I am employed by the Office of Consumer Advocate as a
21 Utility Analyst.

22 Q. Have you previously filed testimony on behalf of the
23 OCA?

24 A. I have filed testimony in this docket, and in a number

[WITNESS: Eckberg]

1 of other dockets previously, yes.

2 Q. And, you filed testimony on this docket -- in this
3 docket on November 10th, 2011, is that correct?

4 A. That is correct.

5 Q. Do you have a copy of that testimony in front of you?

6 A. I do.

7 Q. Was it prepared by you or under your direction?

8 A. Yes, it was.

9 MS. HATFIELD: Mr. Chairman, I'd like to
10 have that marked I think as "Exhibit 27"?

11 MS. THUNBERG: Twenty-eight.

12 MS. HATFIELD: "Twenty-eight". Thank
13 you.

14 CHAIRMAN GETZ: So marked.

15 (The document, as described, was
16 herewith marked as **Exhibit 28** for
17 identification.)

18 BY MS. HATFIELD:

19 Q. Mr. Eckberg, do you have any corrections or updates
20 that you wish to make to your testimony?

21 A. Yes. I have updates on two issues that I addressed in
22 my testimony. On Page 4 of my testimony, I discuss the
23 multi-year Monitoring and Evaluation Plan, and my
24 concerns that it has not moved forward. And, since the

[WITNESS: Eckberg]

1 preparation of my testimony, there has been forward
2 progress on this matter. So, I would like to thank
3 Staff for their efforts there and for circulating the
4 draft of the RFP for that multi-year M&E Plan. The OCA
5 did provide comments on that draft RFP. And, we look
6 forward to participating in the next steps of that
7 process, whatever they may be.

8 And, also, an update on Line -- on Page
9 5, excuse me, Page 5, starting on Line 20, where I
10 discuss some other evaluations. I stated in my
11 testimony that "the OCA has no specific information
12 about the status of other evaluations". And, I would
13 like to say that Staff was kind enough to bring to my
14 attention that there is some information available
15 about these other evaluations. And, that information
16 is provided in the regular quarterly reports, which are
17 filed by the utilities, on the energy efficiency
18 programs. And, I believe those reports are posted on
19 the Commission's website as well. So, there is some
20 information about the status of those other evaluations
21 available.

22 And, I believe, just as one additional
23 comment on that, I believe the most recent update, the
24 most recent quarterly report was provided after I filed

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[WITNESS: Eckberg]

1 my testimony in November, at some point. So...

2 Also, on Page 14 of my testimony, I
3 discussed National Grid's low income program, and the
4 concern that there was -- that the benefit/cost ratio
5 of that program was slightly below 1. And, I wanted to
6 thank the Company for their efforts in working with the
7 parties, as well as with the Community Action Agency
8 Association, working with the Company, to review the
9 energy savings through that program. And,
10 specifically, to the Company as well, for reviewing
11 administrative costs and other costs. And, the final
12 outcome of all that effort was that the benefit/cost
13 ratio has been revised slightly, and it is now just
14 over 1.0, I believe, in the updated documentation or
15 the updated filing.

16 And, that's all the comments that I
17 would have to update my testimony.

18 Q. Thank you. Does the OCA object to the Settlement
19 that's been proposed to the Commission in this docket?

20 A. No, we do not.

21 MS. HATFIELD: Thank you. Mr. Eckberg
22 is available for cross-examination.

23 CHAIRMAN GETZ: Is there any cross for
24 Mr. Eckberg?

{DE 10-188} {12-22-11}

[WITNESS: Eckberg]

1 (No verbal response)

2 CHAIRMAN GETZ: Anything from the Bench?

3 (No verbal response)

4 CHAIRMAN GETZ: You're excused. Thank
5 you, Mr. Eckberg.

6 WITNESS ECKBERG: I'll consider that my
7 Christmas present.

8 (Laughter.)

9 CHAIRMAN GETZ: Is there any objection
10 to striking identifications and admitting the exhibits
11 into evidence?

12 MS. THUNBERG: None.

13 CHAIRMAN GETZ: Hearing no objection,
14 they will be admitted into evidence.

15 Anything that we need to address prior
16 to opportunity for closings?

17 (No verbal response)

18 CHAIRMAN GETZ: Hearing nothing, then
19 let's start with Mr. Steltzer.

20 MR. STELTZER: Sure. Thank you, Mr.
21 Chairman, for the opportunity to provide some closing
22 comments here. As was mentioned, OEP is a signature to
23 the Partial Settlement, though we did have some
24 reservations on III.G regarding the carryover. Our

1 reservations that we have with that lie on the emphasis
2 that we felt was on issuing the funds back to ratepayers,
3 allowing -- and that there wasn't enough emphasize to work
4 to do a full faith effort to get those funds to be
5 utilized for energy efficiency savings, first, within the
6 sectors, and then, afterwards, to look at possibly even
7 considering to moving it with across sectors.

8 The stipulation that was released by New
9 Hampshire Legal Assistance has been agreed to by the
10 parties and issued through an order, and we certainly
11 recognize that, and so felt that it wasn't a need to
12 reconfirm that that is allowed.

13 That said, we are certainly in favor of
14 the timelines that's been laid out here, with the budget
15 of March 12th, as well as the efforts that the utilities
16 have done to work with other stakeholders to get those
17 funds there. But the language itself, in that portion of
18 the Settlement, just caused us some concern with the
19 emphasis towards putting those funds back to ratepayers,
20 and even possibly, as was noted by the Office of Consumer
21 Advocate in their cross, that it could be proposed in a
22 plan as early as March or April, that some of those rates
23 could be put back to the ratepayers in the LDAC
24 proceeding. So, that's where our hesitation lies with

1 that. We really feel that there's such a great need for
2 energy efficiency efforts out there that these funds could
3 certainly be utilized in some sort of fashion within that
4 sector.

5 Regarding the Home Performance with
6 ENERGY STAR, we are, as signatures, we are in support of
7 that program. That Home Performance with ENERGY STAR
8 Program will be integral for Office of Energy and
9 Planning, working with CDFA for the Better Buildings
10 Programs. I think it's important to note that what we
11 need to be looking at with these programs is "what can we
12 do to continue to make these programs easy and accessible
13 to the market out there?"

14 And, we've heard through the VEIC Study
15 that there are some challenges towards ratepayers
16 accessing these programs or understanding which programs
17 they need to get into. And, to the extent that it's
18 possible for the Commission to provide some guidance on
19 the issue of Home Performance with ENERGY STAR continuing,
20 we would certainly welcome that guidance, to suggest that
21 these funds from System Benefits Charge programs can go
22 towards similar customers, that are electric ratepayers,
23 as well as possibly unregulated fuels as well.

24 Regarding the Customer Engagement

1 Program, we commend PSNH for coming forward with a program
2 for looking at behavioral changes. We notice these
3 programs elsewhere across the country, and see this as a
4 huge opportunity to see how these programs could work for
5 us in New Hampshire. We recognize that maybe some of the
6 details aren't worked out completely, but this is a pilot
7 program that is being suggested here. And, the
8 proceedings as they are going forward will allow to see,
9 to make those adjustments as needed.

10 That said, as I was asking that question
11 regarding the language in the Settlement Agreement, it
12 does appear that it isn't quite certain what will come
13 about of this agreement at the end of March. And whether
14 that, by deciding this agreement, whether all parties
15 agree that the CEP Program should move forward, or whether
16 -- and, so, the relief that an entity would need to get is
17 to, if they feel that they can't necessarily participate
18 in this, that they don't like where the agreement is
19 going, is that they would file it. So, I think it's good
20 if the Commission could just provide guidance that they do
21 support the CEP Program going forward in 2012, so that
22 will very clearly lay out the foundation, that the relief
23 that is needing to be sought isn't necessarily to
24 implement the program, but the relief that's being sought

1 is to, if the program needs to be modified, or that one of
2 the parties is aggrieved by the process that's going
3 forward. So, to the extent that you can do that, that
4 would be great to offer as well.

5 With that, I appreciate the opportunity
6 to provide these comments. And, thank you.

7 CHAIRMAN GETZ: Thank you. Mr. Nute.

8 MR. NUTE: Thank you, Mr. Chair. A lot
9 of this will be echoing Eric. But, first of all, the
10 Community Action Association is in support of the HPWES
11 Program. As we had signed on with the Settlement
12 Agreement, it is listed as a "pilot program". I'd just
13 like to say that it is the Commission's, I guess,
14 responsibility to or decision, but we would fully support
15 that it does become a full-time program, versus the
16 current pilot program. So, we are in support of that.

17 As far as the Customer Engagement
18 Program, we are in support of that also. And, hopefully,
19 as the team will meet here and they will meet the
20 requirements for benefit/cost ratios, and hope that that
21 can be developed by the March 31st date.

22 The gas utility carryover, thank
23 Commissioner Ignatius for asking the right question,
24 because I was kind of in the same gray area there, and I

1 think I know what it is now. I just hope that there's
2 good faith on the date of March 12th, when they make the
3 list of these funds, that that isn't locked into being
4 lost and going back to ratepayers. But, of course, you
5 know, not until August, with the LDAC coming up, that
6 maybe that's when we work out the real number. But I was
7 just a little uncomfortable there, as far as that March
8 12th date.

9 Otherwise, I thank you for letting us
10 have our comments. Thank you.

11 CHAIRMAN GETZ: Thank you. Mr. Linder.

12 MR. LINDER: Mr. Chairman and
13 Commissioners, The Way Home participated in the
14 discussions that led to the Partial Settlement Agreement.
15 And, we, The Way Home, is a signatory now to the
16 Settlement Agreement. It does fully support all the
17 provisions in the Settlement Agreement, and including the
18 section on the 2011 gas carry-over.

19 We are very impressed, we have been very
20 impressed with the utilities' collective commitment to
21 energy efficiency, both gas and electric. And, it has
22 been, I think, a very constructive working relationship
23 that the Parties and Staff have had in moving forward with
24 what I think everyone in this room collectively is

1 committed to energy efficiency programs and projects.
2 And, we look forward to continuing to work with the
3 utilities and the OCA and Staff on these very important
4 matters. Thank you.

5 CHAIRMAN GETZ: Thank you. Mr. Henry,
6 did you want to make a public comment?

7 MR. HENRY: I would be delighted. Thank
8 you. Thank you for allowing me to make a public comment.
9 I think the point I'd like to make that was sort of
10 illustrated this morning is that the Commission has
11 historically had a excellent and strong support for energy
12 conservation, efficiency, and renewables, in many
13 different aspects of its efforts. And, the recent VEIC
14 report gives us some really excellent guidance in how
15 these programs should be strengthened in going forward.

16 I think some of the issues that you saw
17 this morning, regarding, for instance, the appropriateness
18 of fuel blind efforts, is an argument that was had ten
19 years ago in the energy efficiency business and has long
20 been resolved nationally. Where the feeling of one touch
21 on any building to maximize all forms of energy efficiency
22 is really the most cost-effective way to go forward.

23 I would urge the Commission to clearly
24 indicate to the Settling Parties that the goal here is to

1 maximize overall energy efficiency, regardless of fuel
2 sources or any other barriers, to attain the greatest
3 cost/benefit possible to New Hampshire ratepayers. And, I
4 think the gas carry-over question that several others have
5 raised is another example where every effort should be
6 made, long after March 12th, to spend the complete amount
7 of funds available in the gas area. And, certainly, the
8 Jordan Institute will make every effort to work with both
9 gas companies and all of the electric utility companies to
10 maximize those efforts.

11 But, there again, when you have an
12 integrated approach, where you're bringing all fuel
13 sources together, and you're looking at envelope and shell
14 and everything else, that's when we find we really
15 maximize overall effectiveness in reducing costs and usage
16 for customers. And, we just see this again and again.
17 And, I think, if the Commission could give a very clear
18 signal, to both the Settling Parties, the working groups
19 in the CORE, and the Staff to this effect, it would be
20 most helpful. So, thank you very much.

21 CHAIRMAN GETZ: Thank you. Ms.
22 Hatfield.

23 MS. HATFIELD: Thank you, Mr. Chairman.
24 As noted in Mr. Eckberg's testimony, the OCA supports a

1 full HPwES Program. And, as I discussed with Mr. Gelineau
2 on cross-examination, that program has been evaluated. We
3 understand the compromise that the parties have reached,
4 and we don't object to that. But we're hopeful that we,
5 in fact, do not litigate that issue next year.

6 We hope that the Senate Bill 323 study
7 is carefully considered in program design discussions for
8 2013 and 2014. And, we were pleased that the parties did
9 include a reference to the study in the Settlement.

10 We do support the Customer Engagement
11 Pilot Program. And, we also thank PSNH for bringing it
12 forward. We think all of our utilities have really been
13 looking out to see what happens after the big lighting
14 change that's coming, and is one of the ways that PSNH
15 explains the need for new programs to us was that, you
16 know, they need to be looking at new ways to serve
17 residential customers.

18 Mr. Eckberg's testimony references
19 several of the key recommendations in the Senate Bill 323
20 study. And, I just wanted to highlight something from the
21 "Key Findings and Recommendations" document that was
22 prepared by VEIC, dated September 30th, 2011. They
23 outlined steps for transforming energy markets. And, they
24 have a section starting on Page 10 that is titled

1 "Building Blocks that Lead to Market Development and
2 Market Transformation." And, the last bullet references
3 the importance of having "An understanding of the
4 importance of long-term planning and for doing that
5 planning through a collaborative process in a
6 non-adjudicative setting."

7 And, there's a sentence in that
8 paragraph on Page 12 of the "Key Recommendations"
9 document, and I just wanted to read it to you:

10 "Adjudicated regulatory proceedings are perhaps the least
11 effective forum for contemplating program design changes,
12 and reaching agreement on how effective they will be at
13 market development and transformation. Instead, program
14 design and planning should be done using a collaborative
15 process in a non-adjudicative setting with the involvement
16 of an independent third party who has the expertise and
17 resources to help ensure that both the consumer and
18 utility interests are aligned before program plans and
19 budgets are submitted to regulators." And, it goes on to
20 list examples of states that have taken this approach.

21 And, we hope that, in 2012, that we can
22 not only look at the substantive recommendations in the
23 Senate Bill 323 study and look at how the programs could
24 be improved, but we also hope that, in looking ahead to

1 the two-year program plan that's coming up for 2013 and
2 2014, that we can also take a much more collaborative
3 approach, at least as a first step, to try to see if
4 there's a way that we could reach consensus and work with
5 the utilities to support programs, without having to go
6 through the traditional litigated approach.

7 We think that, at the end of the day,
8 the Commission still needs to review and approve the
9 programs, because they are funded by ratepayers. So,
10 we're not advocating a non-adjudicative approach
11 completely. But we just think that it would be a lot more
12 fruitful if there was a collaborative process that was
13 supported by expert resources.

14 And, we think, as Mr. Eckberg said on
15 the stand, we're very pleased that Staff is moving forward
16 with the multi-year M&E plan that we discussed for a few
17 years, because we don't think it can be overstated the
18 importance of good M&E, and, in connection, between the
19 output of M&E and how that informs future program
20 planning. Thank you.

21 CHAIRMAN GETZ: Thank you.

22 Ms. Thunberg.

23 MS. THUNBERG: Thank you, Commissioners,
24 for your time today. Staff is a signatory to the

1 Settlement Agreement and respectfully requests the
2 Commission approve the updated CORE Program and the
3 Settlement document. The Staff supports the agreement,
4 because the Settlement addresses the 2010 carry-over and
5 performance incentive calculation issue. The Settlement
6 Agreement provides for consideration of the September 2011
7 VEIC Independent Study, and that that study will be a
8 subject of discussion in the quarterly meetings. The
9 Settlement Agreement continues the HPwES Pilot, and sets a
10 mechanism in place for introduction of the proposed
11 Customer Engagement Pilot.

12 With respect to the Community
13 Development Finance Authority information that was brought
14 out with Mr. Gelineau's testimony, Staff awaits a proposal
15 from the Company, and envisions that could either -- that
16 proposal or some kind of a filing could either occur in
17 the quarterly meetings and be vetted there, or Staff, if
18 it is filed in this docket, we will take a look at the
19 proposal at that point. But Staff is aware of the effort
20 to spend the money coming through the Community
21 Development Finance Authority.

22 The Settlement Agreement, with respect
23 to the gas carry-over funds for 2011, has set a March 12th
24 date in its -- to determine its budgets. Staff supports

1 that date. Staff supports the concept of setting a budget
2 and trying to meet targets. And, it views that March 12th
3 date as essentially being just a budget issue.

4 Staff would also like to note that the
5 Settlement Agreement does not change the program design.
6 And, in the program design, there are flexibilities of up
7 to 20 percent of moving funds around. And, if parties
8 sought to move greater than 20 percent of funds from --
9 between programs, they could simply ask for Commission
10 approval. So, there is some flexibility built in.

11 And, with that, we respectfully request
12 your approval of the program. Thank you.

13 CHAIRMAN GETZ: Thank you. Mr. Eaton.

14 MR. EATON: Thank you. I'd like to
15 thank all the parties to the proceeding for working very
16 hard to reach a consensus and working very long to do
17 that. I think the Settlement Agreement is a good
18 compromise of the issues at this time, and the Commission
19 ought to approve it.

20 With respect to the Customer Engagement
21 Program, Attachment C describes or provides information of
22 how that program is presented to customers in other
23 states. And, I think that the parties have a good faith
24 commitment to try to work out the final issues by the

1 March 31st deadline. And, if that's not worked out, they
2 would probably bring their concerns to the Commission.

3 I would invite the Commission to provide
4 some guidance to us as to what issues they see as ought to
5 be addressed. For instance, one issue that was raised is
6 the protection of confidential customer information. So
7 that we're not telling the Joneses what the Smiths are
8 using and vice versa, but it's providing useful
9 information to each customer without compromising customer
10 information.

11 With respect to the Home Performance
12 with ENERGY STAR Program, we agreed to the compromise that
13 is contained in the Settlement Agreement.
14 Mr. Cunningham's testimony was not introduced today, and,
15 by virtue of the Settlement, at least Public Service
16 Company agreed to not file rebuttal testimony on that
17 issue. But I think Mr. Cunningham stated that, and I
18 think we would agree, that the fairness issue should be
19 submitted to the Commission. But I don't think -- I don't
20 think that needs to await next year's program. I think
21 that issue, and whether there should be a shareholder
22 incentive on non-electric measures installed in that
23 program, and whether it ought to be a full-blown program,
24 could be decided by the Commission in a very short

1 procedural schedule, because I think we're ready to go on
2 that issue. And, I don't believe, at least from PSNH's
3 perspective, that talking about it for three more
4 quarterly meetings will resolve that issue. That it's
5 ripe for the Commission to decide. And, the Commission
6 might or we would recommend the Commission put something
7 into its final order as to a procedure of how we would
8 file our rebuttal testimony and present that issue to the
9 Commission for review. So, we didn't -- we didn't have
10 time or didn't want to present it for the Commission in
11 this particular docket, but I think it's ready for
12 resolution after the Companies can file their rebuttal
13 testimony to Mr. -- to the Staff. And, they can update
14 their testimony, too, if there's other information they
15 want to bring to the Commission.

16 But, other than that, we would support
17 the Commission and urge the Commission to approve the
18 Settlement as it's been filed. Thank you.

19 CMSR. IGNATIUS: I do have one question
20 about the Better Buildings Program. I didn't entirely
21 follow the details, and only now realize I should have
22 asked Mr. Gelineau some more. But, Mr. Eaton, is there a
23 problem in timing here with the ability to effectively
24 expend the funds that are available through the ARRA

1 Program, because of something that's in the CORE Program
2 that's blocking that Better Buildings Program being as
3 effective as it can be?

4 (Atty. Eaton conferring with Mr.
5 Gelineau.)

6 MR. EATON: Mr. Gelineau just told me
7 that the partnership with the Better Buildings Program
8 will -- with the Home Performance with ENERGY STAR will
9 allow those funds to be spent more quickly, the ARRA
10 funds. And, there is a deadline, it's May of 2013. But
11 we will help facilitate spending those dollars for the
12 benefit of residential customers in this state. And,
13 there is -- I don't see a problem with partnering, in the
14 fact that we do that with Regional Greenhouse Gas
15 Initiative funds as well as an addition to the CORE
16 Program funds that are supplied by the System Benefits
17 Charge.

18 CMSR. IGNATIUS: Thank you.

19 CHAIRMAN GETZ: Ms. Holahan.

20 MS. HOLAHAN: Thank you. I also would
21 like to thank all of the parties for their hard work and
22 effort to resolve as many of the underlying issues in this
23 docket. These are sometimes difficult issues and issues
24 about which people are sometimes very passionate. But the

1 Settlement Agreement is the product of fair and reasonable
2 compromise on the outstanding issues. And, National Grid
3 respectfully requests that the Commission approve the
4 Settlement Agreement and Stipulation. Thank you.

5 CHAIRMAN GETZ: Thank you.

6 Ms. Goldwasser.

7 MS. GOLDWASSER: Thank you, Mr.

8 Chairman, members of the Commission. I'd like to echo
9 Attorney Holahan's thank you to the parties. I would also
10 like to thank the Commission for providing additional time
11 to file a settlement agreement and the rebuttal testimony
12 in this docket, which was very helpful. Northern and
13 Unitil believe that the Settlement is a just and
14 reasonable compromise and addresses the mid program
15 correction issues that have come up this fall.

16 With respect to the Home Performance
17 with ENERGY STAR Fuel Neutral Program, I'd like to echo
18 Attorney Eaton's statements regarding, if the Commission
19 would like to proceed with the legal issues, one way to do
20 that may be to permit the Pilot Program to go forward as
21 stated in the Settlement Agreement and address these legal
22 issues sooner, rather than later, with respect to the 2013
23 Program Year. So that the Companies and the other parties
24 all know what is permitted to go forward for their budgets

1 to be submitted next fall for the 2013-2014 Program Year.
2 That may be one, one consideration.

3 With respect to the carry-over funds,
4 Northern has committed to the activities highlighted on
5 Page 6 of the Settlement Agreement and outlined in
6 Attachment D of that same agreement.

7 And, in conclusion, the Companies are
8 committed to continuing to improve these programs and work
9 with the other parties in this docket. Thank you.

10 CHAIRMAN GETZ: Thank you. Mr. Dean.

11 MR. DEAN: Thank you, Mr. Chairman,
12 Commissioners. New Hampshire Electric Cooperative is a
13 signatory to and supports and urges your unqualified
14 approval of the Settlement Agreement as supplemented by
15 the stipulation which Mr. Linder submitted. Thank you.

16 CHAIRMAN GETZ: Okay. Thank you. Then,
17 we'll close the hearing and take the matter under
18 advisement.

19 **(Whereupon the hearing ended at 12:36**
20 **p.m.)**