

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

CORE ENERGY EFFICIENCY PROGRAMS 2015-2016

Docket No. DE 14-216

SETTLEMENT AGREEMENT

This Settlement Agreement relating to the 2015-2016 Statewide Core NH Electric Energy Efficiency Programs and Gas Energy Efficiency Programs (“Core Programs”) is entered into this 11th day of December, 2014, by and among: Liberty Utilities (Granite State Electric) Corp. (“Granite State”); Unitil Energy Systems, Inc. (“UES”); Public Service Company of New Hampshire (“PSNH”); and the New Hampshire Electric Cooperative, Inc. (“NHEC”) (collectively, the “Electric Utilities”); Liberty Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth”) and Northern Utilities, Inc. d/b/a Unitil (“Northern”) (collectively, the “Gas Utilities”) (the Electric Utilities and Gas Utilities are collectively referred to as the “Core Utilities”); the Staff of the New Hampshire Public Utilities Commission (“Staff”); the Department of Environmental Services (“DES”); the Office of Energy and Planning (“OEP”); New Hampshire Community Action Association (“CAA”), and The Way Home (“TWH”) (all collectively referred to as the “Settling Parties and Staff”), with the intent of resolving the issues discussed herein. This Settlement Agreement constitutes the recommendation of the Settling Parties and Staff with respect to the Commission’s approval of the Core Utilities’ proposed Core Programs for the 2015-2016 program years.

I. INTRODUCTION AND PROCEDURAL HISTORY

On September 12, 2014, the Core Utilities jointly filed their proposed Core Programs for the 2015-2016 program years (the “2015-2016 Filing”). The Settling Parties and Staff agreed to certain changes to the 2015-2016 Filing, and include as Attachment A to this Settlement Agreement only those pages from the 2015-2016 Filing that have changed and a table describing the changes. Attachment B to this Settlement Agreement contains the revised 2015-2016 Filing with all agreed upon changes incorporated therein.

In general, the 2015-2016 Filing proposed the continuation of previously adopted and implemented Core Programs subject to some adjustments, as well as the adoption or continuation of various utility-specific programs. The Core Utilities propose that the Core Management Team, comprised of representatives from each electric and gas utility, continue to oversee all Core Program activities and quarterly reporting, and resolve issues that arise by consensus where possible with one member specifically designated as the liaison with Settling Parties and Staff.

On September 16, 2014, the Commission issued an order of notice in this docket scheduling a prehearing conference for October 10, 2014. On September 18, 2014, the Office of Consumer Advocate filed its notice of participation pursuant to RSA 363:28. Motions to intervene were filed by the DES, OEP, CAA, and TWH, without objection. The Commission granted these motions at the prehearing conference on October 10, 2014. Consistent with the procedural schedule, the Staff and parties met for technical sessions on October 10 and 28, 2014. A settlement conference was held on December 5, 2014, which resulted in this Settlement Agreement presented for the Commission’s consideration.

II. SETTLEMENT TERMS

The Settling Parties and Staff agree that the 2015-2016 Filing as revised and set forth in Attachment B should be approved by the Commission (“Revised 2015-2016 Filing”). In addition, the Settling Parties and Staff recommend the Commission approve the following, related undertakings during the 2015-2016 program years.

A. Third Party Financing

The Settling Parties and Staff agree that the Electric and Gas Third Party Financing Option shall be subject to the provisions set forth in the "White Paper - Third Party Financing Pilot for NH Residential Natural Gas and Electric Customers" (“White Paper”) included as Attachment C to this Settlement Agreement. In addition to the undertakings described in the White Paper, the Core Utilities will work with OEP to develop an agreement with the appropriate entity or entities relating to the Third Party Financing Option outlining the terms and conditions by which each Utility shall receive federal Better Buildings funding, which agreement is also consistent with the White Paper. The Core Utilities further agree to provide a copy of such agreement(s), on an informational basis, to the Staff. The Core Utilities agree to separately account for this option as well as provide updates about the Third Party Financing Option at the Core quarterly meetings. The Core Utilities further agree to investigate C&I third party financing options and to provide updates of their investigation at the Core quarterly meetings.

B. Projected Savings for EnergyNorth

EnergyNorth has made adjustments to its projections pertaining to program participation, savings and spending for the 2015 and 2016 program years, for the following programs the Home Performance with Energy Star, Energy Star Products, Building Practices and

Demonstration, Small Business and Large Business Energy Solutions. These revised projections are reflected on Attachment DG of the Revised 2015-2016 Filing. *See Attachments A and B.* For clarity, there are no corresponding changes to EnergyNorth's overall spending budgets during these program years.

C. Home Energy Assistance Program Budget Allocation

The Settling Parties and Staff agree that the Electric Home Energy Assistance Program be allocated at least 15.5 percent of the 2015 and 2016 Electric Program year budgets as shown in Table IV.3 on page 23 of the 2015-2016 Filing, and the Gas Home Energy Assistance Program be allocated at least 15.5 percent of the 2015 and 2016 Gas Program year budgets as shown in Table IV.4 on page 24 of the 2015-2016 Filing. The Settling Parties and Staff agree that the 15.5 percent amount represents a reasonable, compromise allocation for the 2015 and 2016 program years. EnergyNorth will continue a tapering of its current Home Energy Assistance Program budget to 15.5 percent for the 2016 program year as part of the 2016 Plan Update.

D. Customer Engagement Platform

The Settling Parties and Staff agree to the budgets contained in the 2015-2016 Filing associated with the Customer Engagement Platform ("CEP") and to the transfer of \$591,540 of System Benefits Charge funds set aside in compliance with RSA 125-O:5 for energy efficiency projects at PSNH's facilities for the purpose of implementing the CEP. In addition, the Settling Parties and Staff agree to discuss the CEP's implementation status and any specific marketing initiatives implemented utilizing the CEP at the Core quarterly meetings in 2015 and 2016.

E. Program Expenses by Activity

The Settling Parties and Staff agree to discuss the reporting of program expenses by activity as defined on page 78 of the 2015-2016 Filing at the Core quarterly meetings.

F. Quarterly Reporting and Planning Meetings

In 2014, a “Paperwork Reduction Working Group” was established with the intent of increasing the level of program information content in the Quarterly Report, while reducing the absolute length of the report as well as the number of routine Core-related reports filed. A new Quarterly Report format was approved by the Staff and Settling Parties and was utilized by the Core Utilities to report third quarter 2014 program results. The Settling Parties and Staff agree to incorporate the Smart Start Revolving Loan Program quarterly report within the Core Programs Quarterly Report and discontinue providing a separate quarterly report for this program. In addition, the Annual Energy Rewards C&I RFP Program Report required by NHPUC Order No. 25,462 dated February 1, 2013, will be incorporated within the Core Programs Fourth Quarter Report.

Due to the success of initiatives undertaken in 2014 to expand stakeholder input and involvement during the 2015/2016 Core planning process, the Settling Parties and Staff also agree to discuss holding future planning meetings in 2015 at the Core quarterly meetings.

G. Reservation of Rights

The Settling Parties and Staff agree that the terms of this Settlement Agreement are not intended to limit or waive any rights associated with other Commission proceedings, including consideration of the revenue decoupling proposal in DG 14-180. Should an Energy Efficiency Resource Standard be enacted by legislation and/or implemented by a final Commission order, the Settling Parties and Staff agree that the terms of this Settlement Agreement are not intended to limit or waive any rights with regard to the impact of such a Standard on the Core programs.

H. General Provisions

Staff and the Settling Parties agree that all testimony and supporting documentation should be admitted as full exhibits for purposes of consideration of this Settlement Agreement. Agreement to admit all direct testimony without challenge does not constitute agreement by Staff and the Settling Parties that the content of the written testimony filed on behalf of Staff or the other Parties is accurate nor is it indicative of what weight, if any, should be given to the views of any witness. Furthermore, in light of the fact that they have entered into this Settlement Agreement, the Staff and the Settling Parties have agreed to forego cross-examining witnesses regarding their pre-filed testimony and, therefore, the admission into evidence of any witness's testimony or supporting documentation shall not be deemed in any respect to constitute an admission by any party to this Settlement Agreement that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness.

This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all of its provisions without change or condition. If such acceptance is not granted, the Settlement Agreement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose. The Settling Parties and Staff agree to support approval of this Settlement Agreement before the Commission, and the Settling Parties and Staff shall not oppose this Settlement Agreement before any regulatory agencies or courts before which this matter is brought.

The Commission's acceptance of this Settlement Agreement does not constitute continuing approval of or precedent regarding any particular issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties and Staff believe, the

provisions set forth herein are just and reasonable. The discussions which have produced this Settlement Agreement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

IN WITNESS WHEREOF, the Settling Parties and Staff have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES

By: _____
Sarah B. Knowlton, Esq.
Assistant General Counsel

Date: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE

By: _____
Mark W. Dean, Esq.

Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By:  _____
Matthew Fossum, Esq.
Senior Counsel

Date: _____

UNITIL ENERGY SYSTEMS, INC.

By: _____
Orr & Reno, P.A.
Rachel Aslin Goldwasser, Esq.

Date: _____

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D/B/A LIBERTY UTILITIES

By: _____
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Sarah B. Knowlton, Esq.
Assistant General Counsel

Date: December 11, 2014

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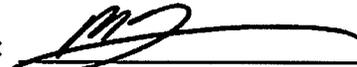
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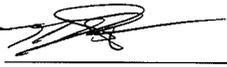
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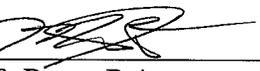
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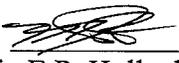
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Date: 12/11/14

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

By:  For _____
Rorie E.P. Hollenberg, Esq.
Staff Attorney

Date: 12/11/14

NEW HAMPSHIRE COMMUNITY
ACTION ASSOCIATION

By: _____
Ryan Clouthier
Energy Director

Date: _____

OFFICE OF ENERGY AND PLANNING

By: _____
Meredith A. Hatfield
Director

Date: _____

DEPARTMENT OF ENVIRONMENTAL SERVICES

By: _____
Rebecca Ohler
Transportation/Energy Programs Manager

Date: _____

THE WAY HOME

By: _____
New Hampshire Legal Assistance
Dennis Labbe, Esq.

Date: _____

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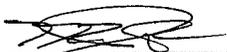
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