

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 14-216**

**ELECTRIC AND GAS UTILITIES**

**2015-2016 Core Electric Energy Efficiency and Gas Energy Efficiency Programs**

**Order Approving Energy Efficiency Programs**

**ORDER NO. 25,747**

**December 31, 2014**

**APPEARANCES:** Matthew J. Fossom, Esq., for Public Service Company of New Hampshire; Rachel Aslin Goldwasser, Esq., Orr & Reno, P.A., for Unitil Energy Systems, Inc., and Northern Utilities, Inc. d/b/a Unitil; Sarah B. Knowlton, Esq., for Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities and Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities; Robert Dunn, Esq., Devine, Millimet & Branch, P.A, for New Hampshire Electric Cooperative; Dennis Labbe, Esq., New Hampshire Legal Assistance, for The Way Home; Ryan Clouthier for the Community Action Association; Meredith A. Hatfield, Esq., for the Office of Energy and Planning; Rebecca Ohler for the New Hampshire Department of Environmental Services; Susan W. Chamberlin, Esq., for the Office of the Consumer Advocate; and Rorie E.P. Hollenberg, Esq., on behalf of Staff of the Public Utilities Commission.

**I. SUMMARY OF ORDER**

In this order, the Commission approves the 2015-2016 Core energy efficiency programs (“Core programs”) as revised by the Settlement Agreement filed on December 11, 2014. This order and prior docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission’s website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-216.html>.

**II. PROCEDURAL HISTORY**

On September 12, 2014, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (“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”); and Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“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”) jointly filed their proposed Core Programs for the 2015-2016 program years (the “2015-2016 Filing,” admitted as Exhibit 1).<sup>1</sup>

On September 16, 2014, the Commission issued an Order of Notice and scheduled a prehearing conference and technical session for October 10, 2014. Pursuant to RSA 363:28, the Office of the Consumer Advocate (“OCA”) filed its notice of participation on behalf of residential ratepayers. Requests for intervention were filed by the Department of Environmental Services (“DES”), the Office of Energy and Planning (“OEP”), the New Hampshire Community Action Association (“CAA”), and The Way Home (“TWH”) (the Core Utilities, OCA, DES, OEP and TWH are collectively referred to as “the Parties”). The Commission granted those requests without objection at the prehearing conference. During September and October 2014, Staff and the Parties conducted discovery and met in technical sessions. On November 10, 2014, Staff filed the testimony of James J. Cunningham, Jr. (“Staff Testimony,” admitted as Exhibit 2). Neither the OCA nor the other non-utility Parties filed testimony, and no rebuttal testimony was filed by any Party. On December 5, 2014, the Staff and Parties met in a settlement conference. On December 11, 2014, Staff and the Parties except the OCA (“Settling Parties”) filed a comprehensive settlement agreement (“Settlement Agreement,” admitted as Exhibit 3).

The Commission held a hearing on the merits on December 15, 2014, at which the Settling Parties presented evidence and argument in support of the Settlement Agreement, and

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<sup>1</sup> <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-216/LETTERS-MEMOS-TARIFFS/14-216%202014-09-12%20PSNH%20CVR%20LTR%202015-2016%20NH%20STATEWIDE%20CORE%20EE%20PLAN.PDF> (cover letter) and <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-216/LETTERS-MEMOS-TARIFFS/14-216%202014-09-12%20PSNH%202015-2016%20NH%20STATEWIDE%20CORE%20EE%20PLAN.PDF> (filing).

the OCA presented evidence and argument on one term of the agreement. In addition, at the hearing, the Commission received additional signature pages to the Settlement Agreement from TWH and CAA (admitted as Exhibit 4).

### **III. SUMMARY OF CORE PROGRAM AND 2015-2016 FILING**

The Core energy efficiency program, also known as NHSaves, began serving New Hampshire utility customers in 2002 and has, since then, provided “highly successful, award-winning energy efficiency options for New Hampshire citizens and businesses.” Exh. 1 at 1; *see also id.* at 12-13 (describing recent achievements and awards). Funded by utility customers, through rates,<sup>2</sup> the Core programs have resulted in more than a billion dollars of customer savings. *Id.* at 2-3.

The Core programs serve residential, commercial and industrial (“C&I”), and municipal customers by offering a variety of energy efficiency options. Most options are offered to customers statewide.<sup>3</sup> Some options, however, are utility-specific.<sup>4</sup> Utility-specific programs are typically utilized to test new technologies, to pilot a new program before expanding it throughout the state, or to offer a program that may be pertinent to the customers of a particular utility.

In general, the residential Core programs are “targeted at improving the energy efficiency of New Hampshire’s existing housing stock and newly constructed homes, and promoting the benefits and use of energy efficient lighting, appliances and space and water heating and cooling

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<sup>2</sup> The Core Program currently receives funds from a number of sources, including the System Benefits Charge, the Regional Greenhouse Gas Initiative, the New England Forward Capacity Market and the natural gas utilities’ Local Distribution Adjustment Clause surcharge. More information about the Core program funding can be found in Exh. 1 at 21-22, and in the Commission Analysis portion of this order.

<sup>3</sup> For a detailed description of the 2015-2016 Statewide Residential Core programs, refer to Exh. 1 at 26-39. For a detailed description of the 2015-2016 Statewide C&I and Municipal Core programs, refer to Exh. 1 at 40-48.

<sup>4</sup> For a detailed description of the 2015-2016 Utility-specific Core programs, refer to Exh. 1 at 49-75.

equipment.” *Id.* at 26. Residential options include an “income-qualified” weatherization program.<sup>5</sup>

C&I and Municipal programs and services are focused on the energy efficiency needs of customers in those categories and are “designed to reduce the market barriers that hinder the acceptance of high efficiency buildings and products.” *Id.* at 40. Options for these larger customers include incentives on premium efficiency equipment and for weatherization services for existing municipal buildings. *Id.* Training and education is also available to C&I and municipal customers. *Id.*

The 2015-2016 Filing governs the two-year period from January 1, 2015, through December 31, 2016. The central themes guiding the 2015-2016 Filing include reducing dependence on fossil fuels, keeping energy dollars local, encouraging more comprehensive customer investments in energy efficiency, supporting the development of a skilled energy efficiency workforce, and leveraging private financing. *Id.* at 6; *see also id.* at 9-10 (describing “Two-year Plan Guiding Principles”). Recognizing that realizing the state’s full potential for energy efficiency will require additional investment, the 2015-2016 Filing builds on past program successes and positions the Core programs to scale up energy efficiency for New Hampshire customers. *Id.* at 6-7; *see also id.* at 10-12 (describing Core Utilities “Vision for the Future”). The 2015-2016 Filing estimates that the Core programs for these two years will result in benefits of greater than \$190 million over their expected lives. *Id.* at 8.

Generally, the Core Utilities propose to continue the previously-adopted and implemented Core programs with some modifications, as described below. The Commission approved the 2013-2014 Core programs in *2013-2014 Core Electric Energy Efficiency and Gas*

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<sup>5</sup> For a detailed description of the 2015-2016 income-qualified weatherization program, refer to Exh. 1 at 35-37.

*Energy Efficiency Programs*, Order No. 25,462 (Feb. 1, 2013) at 20. *See also 2013-2014 Core Electric Energy Efficiency and Gas Energy Efficiency Programs*, Order No. 25,615 (December 30, 2013) at 11 (approving 2014 Core Program Changes).

Two new initiatives are proposed in the 2015-2016 Filing: a Third-Party Financing Pilot for the Electric utilities and a Customer Engagement Platform (CEP) for PSNH. The design of the financing initiative is based on a model used in Massachusetts that is similar to the option offered by the NH Gas Utilities. Among other features, it offers unsecured lender financing at 2 percent interest to customers participating in the Home Performance with Energy Star program. *See* Exh. 1 at 33. The CEP initiative is a tool that will enable PSNH's customers to access self-service customized program information. It will provide customers with greater control and will allow PSNH to reach all customer segments more efficiently, especially micro and small businesses, which PSNH believes will lead to greater adoption of energy efficiency measures in the long term. *See* Exh. 1 at 66.

The proposed modifications to the previously-adopted and implemented Core programs are relatively limited. They include consolidating certain programs and updating program names,<sup>6</sup> increasing the percentage of funds directed to the residential, income-eligible weatherization program from 15.0% to 15.5%;<sup>7</sup> transitioning to LED lighting initiatives;<sup>8</sup> increasing collaboration with state agencies and energy efficiency stakeholders on new initiatives,<sup>9</sup> increasing the per-customer spending cap for Natural Gas income-eligible weatherization program to be consistent with the Electric programs;<sup>10</sup> including weatherization

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<sup>6</sup> *See* Exh. 1 at 27-28, 29, 38 (Residential programs).

<sup>7</sup> *See* Exh. 1 at 36 (Residential programs).

<sup>8</sup> *See* Exh. 1 at 29, 33, 36, 38 (Residential programs).

<sup>9</sup> *See* Exh. 1 at 29, 33 (Residential programs), *id* at 46 (Municipal program).

<sup>10</sup> *See* Exh. 1 at 36 (increasing the per-customer spending cap of the income-eligible weatherization program from \$5,000 to \$8,000).

services (insulation and air sealing) in the Municipal program;<sup>11</sup> exploring third-party financing options for non-residential customers;<sup>12</sup> and encouraging non-residential customers to develop multi-year strategic energy plans.<sup>13</sup>

New program limitations relate to the loss of Regional Greenhouse Gas Initiative funds for programs other than the Home Energy Assistance program and the Municipal program, pursuant to Senate Bill 268.<sup>14</sup> Previously, incentives for end-of-life high efficiency fossil fuel space and water heating systems were available to all residential customers under the former ENERGY STAR Appliance Program. *See, e.g.,* 2015-2016 Filing at 33 (Residential HPwES program). Incentives for these systems will continue, but only for customers who qualify based on the recommendation of the energy auditor. *Id.*

Monitoring and evaluation is an important part of the 2015-2016 Core programs. Activities in this category include measurement and verification of specific Core programs, Regional Evaluation, Measurement and Verification (EM&V) projects, and Regional Avoided Energy Supply Cost studies, and program tracking and reporting.<sup>15</sup>

Reporting activities are key components of the Core 2015-2016 programs.<sup>16</sup> “The Core Utilities submit Quarterly Reports to the Commission summarizing each utility’s progress towards meeting program savings, customer participation and spending goals approved by the Commission.” *Id.* at 78. Those reports inform quarterly meetings held between the Commission

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<sup>11</sup> *See* Exh. 1 at 46.

<sup>12</sup> *See* Exh. 1 at 42, 44 (C&I and Municipal program)

<sup>13</sup> *See* Exh. 1 at 42, 44, 46 (C&I and Municipal programs)

<sup>14</sup> Under the provisions of [Senate Bill 268](#), enacted in October 2014, the Commission allocates a portion of the Regional Greenhouse Gas Initiative (“RGGI”) funds to an all-fuels, comprehensive energy efficiency program administered by qualified parties which may include electric distribution companies as selected through a competitive bid process. *See* Exh. 1 at 33, 38, 216 (Residential programs); *id.* at 42, 44, 217 (C&I).

<sup>15</sup> For a detailed description of the 2015-2016 Monitoring & Evaluation activities, refer to Exh. 1 at 76-77.

<sup>16</sup> For a detailed description of the 2015-2016 Reporting activities, refer to Exh. 1 at 78-79.

Staff and the stakeholders, including the Core Management Team.<sup>17</sup> *Id.*

The 2015-2016 Core programs also allow the Core Utilities to earn a performance incentive that is aligned with program goals, including cost-effectiveness and energy savings.<sup>18</sup> The performance incentive is intended to encourage “the utilities to aggressively pursue achievement of the performance goals of their energy efficiency programs” and “to motivate the companies to achieve or exceed program goals.” *2013-2014 Core NH Electric and Gas Energy Efficiency Programs*, Order No. 25,569 (September 6, 2013) (citing *Energy Efficiency Programs for Gas and Electric Utilities*, Order No. 24,203 (September 5, 2003)).

The 2015-2016 Filing proposes an Electric Core program budget of \$28.0 million for 2015 and \$25.6 million for 2016. *Id.* at 7. Those amounts are projected to result in annual kWh savings, when compared to 2013 delivery sales, of 0.5% in both 2015 and 2016. *Id.* Considering the projected lifetime savings of 745,242,411 kWh (2015) and 688,239,859 kWh (2016), the cost per kWh saved for the Electric Core programs is \$0.0376 (2015) and \$0.0372 (2016). *Id.* The Electric Utilities compare those costs to average current retail electric rates of \$0.153 per kWh. *Id.*

The 2015-2016 Filing proposes a Natural Gas Core program budget of \$7.3 million for 2015 and \$7.5 million for 2016. *Id.* Those amounts are projected to result in annual MMBtu savings, when compared to 2013, of 0.5% in both 2015 and 2016. *Id.* Based on the projected lifetime savings of 2,036,173 MMBtu (2015) and 2,084,040 MMBtu (2016), the cost per MMBtu

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<sup>17</sup> The Core Program Management Team coordinates and oversees the statewide program activities, recognizes and resolves program delivery issues, and provides quarterly status reports to the Commission’s staff and stakeholders, as contemplated by the Settlement Agreement reached in DE 01-057, dated October 3, 2001, and approved by the Commission in *Concord Electric Company, et al.*, Order No. 23,850 (Nov. 29, 2001) at 19. *See* Exh. 1 at 16. The Core Program Management Team is comprised of representatives from each utility and makes decisions by consensus with one member specifically designated as the liaison with the Commission Staff and stakeholders. *Id.*

<sup>18</sup> For a detailed description of the 2015-2016 performance incentive background and formula, refer to Exh. 1 at 80-82.

saved for the Natural Gas Core programs is \$3.57 (2015) and \$3.58 (2016). *Id.* Those costs compare to the current average retail natural gas rate of \$8.00 per MMBtu. *Id.*

#### **IV. SETTLEMENT AGREEMENT**

The Settlement Agreement (Exh. 3) filed by the Settling Parties recommends Commission approval of the 2015-2016 Filing as revised and set forth therein. The revisions to the 2015-2016 Filing are summarized in Attachment A to the Settlement Agreement and incorporated into an updated proposal in Attachment B to the Settlement Agreement (“Revised 2015-2016 Filing”).<sup>19</sup> Hearing Transcript of December 15, 2014 (“12/15/14 Tr.”) at 22-23.

In particular, the Settlement Agreement includes specific terms related to residential third-party financing, revised projected savings for EnergyNorth, the increased budget allocation for the residential Home Energy Assistance Program, PSNH’s Customer Engagement Platform project, a requirement that program expenses be reported by activity, and requirements for quarterly and annual reporting and quarterly planning meetings during 2015 and 2016. Exh. 3. A “White Paper” on third-party financing is also incorporated by reference and attached as Attachment C. *Id.* at 3.

The Settlement Agreement also includes a term entitled “Reservation of Rights.” In pertinent part, this provision reflects the Settling Parties’ agreement that the Settlement Agreement “does not limit or waive any rights associated with other Commission proceedings, including consideration of the revenue decoupling proposal in DG 14-180” or with regard to the impact on the Core Programs of “any Energy Efficiency Resource Standard enacted by legislation and/or implemented by a final Commission order[.]” The Settling Parties offered

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<sup>19</sup> <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-216/LETTERS-MEMOS-TARIFFS/14-216%202014-12-11%20PSNH%20JT%20SETTLEMENT%20AGREEMENT.PDF> (Settlement Agreement) and <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-216/LETTERS-MEMOS-TARIFFS/14-216%202014-12-11%20PSNH%20JT%20SETTLEMENT%20AGREEMENT.PDF> (Settlement Agreement Attachments).

their interpretations of the Reservation of Rights term at the hearing. 12/15/14 Tr. at 59-60 (EnergyNorth and Granite State), 60-61 (Northern and UES), 61 (NHEC), 62 (OEP), 63 (CAA), 64 -65 (Staff); *see also* 12/15/14 Tr. at 29 (Settling Parties' witness panel description of reservation of rights section of the Settlement Agreement).

## **V. OCA POSITION**

The OCA supports the Settlement Agreement with the exception of the allowance for performance incentives in the Core programs. *See* 12/15/14 Tr. at 8. The OCA recommends that the Commission expressly state in its order that the calculation of the performance incentive during the 2015-2016 program years may be modified for any utility that implements a revenue decoupling mechanism. *Id.* at 8.

## **VI. COMMISSION ANALYSIS**

### **A. Applicable Law**

Pursuant to RSA 541-A:31, V(a), informal disposition may be made of a contested case at any time prior to the entry of a final decision or order, by stipulation, agreed settlement, consent order, or default. N.H. Code Admin. Rules Puc 203.20(b) requires that, prior to approving a settlement, the Commission determine that the settlement is consistent with applicable law and that the results are just, reasonable, and in the public interest. In addition, the Commission, as a matter of practice, evaluates the substantive terms of a settlement along with the process that led to its recommendation. A settlement recommended by a diverse group of parties or interests suggests that the terms are reasonable and in the public interest. *2013-2014 Core Approval*, Order No. 25,462 at 14. The Commission, however, will not approve a settlement agreement without independently determining that the result comports with applicable legal standards. *Id.* Those standards are described in the paragraphs that follow.

The legislature has delegated its powers to the Commission to provide comprehensive provisions for the establishment and control of public utilities in the State. *In re Appeal of Verizon New England, Inc.*, 153 N.H. 50, 64 (2005). For nearly all such Commission regulation, “the legislature has recognized the need for expertise not readily available as part of legislative resources.” *Appeal of Richards*, 134 NH 148, 158 (1991). Under RSA 374:3, the Commission has “the general supervision of all public utilities and the plants owned, operated or controlled by the same so far as necessary to carry into effect the provisions of this title.” Consequently, the Commission has broad statutory powers. *Id.* (citing *Appeal of Easton*, 125 N.H. 205, 210 (1984)).

The Commission also has and may exercise “powers inherent within its broad grant of [express statutory authority].” *Appeal of Verizon New England, Inc.*, 153 N.H. at 64-65 (citations omitted). As discussed below, to oversee utilities’ energy efficiency activities, the Commission’s authority arises out of laws governing rates, specific energy-efficiency funding, and utility long-term resource planning. Pursuant to this authority, the Commission has approved energy efficiency programs for electric and gas utility customers since 2001. *See* Order No. 25,462 at 13 (approving 2013-2014 Core programs and citing *2011-2012 Core Electric Energy Efficiency and Gas Energy Efficiency Programs*, Order No. 25,189 (December 30, 2010) (approving the 2011-2012 Core programs and listing the Commission’s energy efficiency orders from 2001 through 2009)).

The Commission’s express statutory authority includes the power to limit customers’ rates to a level that is “just and reasonable.” RSA 374:2 (public utilities to provide reasonably safe and adequate service at “just and reasonable” rates); RSA 378:7 (PUC required to determine and fix the utility’s just and reasonable or lawful rates); and RSA 378:28 (permanent utility rates

shall only include a “just and reasonable” return on “just and reasonable” plant, equipment, or capital improvements which the PUC finds are “prudent, used, and useful”). A “reasonable” rate results from a ratemaking process “that appropriately balances the interests of ratepayers who desire the lowest possible rates and investors who desire rates that are higher.” *Appeal of Conservation Law Foundation of New England, Inc.*, 127 N.H. 606, 633, 639 (1986); RSA 363:17-a.

Statutes also expressly require the PUC to keep informed of utilities’ operations and their provision of safe and adequate service. RSA 374:1 and :4. Toward this end, electric and natural gas utilities are required to file integrated least cost resource plans in order for the Commission to “evaluate the adequacy of [the] utility’s planning process.” RSA 378:38. Restructuring policy informs this assessment and the PUC’s ultimate determination of resource (planning) adequacy. *See* RSA 374-F:3, X (restructured electric market required to “reduce market barriers to investments in energy efficiency and provide incentives for appropriate demand-side management and not reduce cost-effective customer conservation” and “utility sponsored energy efficiency programs should target cost-effective opportunities that may otherwise be lost due to market barriers”); RSA 374-F:4, VIII (e) (PUC authorized to approve a utility’s inclusion in its distribution charge of the costs of energy efficiency “that are part of a strategy to minimize distribution costs”).

RSA 378:38 empowers the Commission to make energy efficiency a high-priority resource:

[I]t shall be the energy policy of this state to meet the energy needs of the citizens and businesses of the state at the lowest reasonable cost while providing for the reliability and diversity of energy sources; ***to maximize the use of cost effective energy efficiency and other demand side resources***; and to protect the safety and health of the citizens, the physical environment of the state, and the future

supplies of resources, with consideration of the financial stability of the state's utilities.

(emphasis added). “Where the commission determines [a utility’s supply or resource] options have equivalent financial costs, equivalent reliability, and equivalent environmental, economic, and health-related impacts,” it shall prioritize “[e]nergy efficiency and other demand-side management resources.” RSA 378:39.

When it restructured the electric industry, the Legislature authorized the Commission to oversee the creation, management, and delivery of efficiency programs funded through a system benefits charge. RSA 374-F:3, VI (electric restructuring policy authorizes electric utilities’ collection of a “nonbypassable and competitively neutral system benefits charge [(“SBC”)] ... used to fund public benefits related to the provision of electricity”). The SBC is collected by electric utilities as a component of customer rates. Energy efficiency programs provided to customers constitute “public benefits” appropriately supported by the SBC. *Id.*

In addition to SBC funds, the Core programs currently receive funds from other sources. These include the RGGI, the New England Forward Capacity Market (“FCM”), and gas utility customers’ payment of the gas utilities’ Local Distribution Adjustment Clause (“LDAC”) surcharge.

On June 23, 2012, the legislature amended RSA 125-O:23, a section within the Multiple Pollutant Reduction Program law, to require a portion of the RGGI auction proceeds to be used as an additional source of funding for the Core Programs. All but a small portion of those funds, however, is earmarked for low-income or municipal projects. RSA 125-O:23, III.

On June 16, 2006, the Federal Energy Regulatory Commission (“FERC”) approved a settlement agreement that addressed the future capacity needs of New England and laid the groundwork for the Forward Capacity Market. All generation and demand resources installed

after June 16, 2006, including Electric Utilities' resources, have been eligible to receive capacity payments in accordance with ISO-NE's Market Rules.

In December 2002, the PUC authorized gas utilities to recover from customers all prudent internal and external costs incurred related to their energy efficiency programs. *EnergyNorth Natural Gas, Inc. and Northern Utilities, Inc.*, Order No. 24,109 (December 31, 2002) at 9. Those costs are recovered through a per-therm "conservation charge" as part of the gas utilities' LDAC. *Id.* The PUC reviews the utilities' LDAC annually (during the winter period cost of gas proceedings), and the costs are subject to annual reconciliation. *Id.*

### **B. Settlement Agreement**

The Revised 2015-2016 Filing, *see* Attachment B to Exh. 3, proposes to continue many programs that the Commission has previously determined to be in the public interest. *See* Order No. 25,462 at 20 (approving 2013-2014 Core programs) and Order No. 25,615 at 11 (approving 2014 Core program changes). To the extent that the Revised 2015-2016 Filing proposes modifications to these programs, or new programs, we find that the modified and new programs are also consistent with the public interest.

Based on the evidence presented by the Settling Parties, the programs appear to be consistent with applicable law because they are reducing market barriers to investment in cost-effective energy efficiency investment, providing incentives for appropriate demand-side management, and not reducing cost-effective consumer conservation. *See Electric Utility Restructuring*, Order No. 23,574 (Nov. 1, 2000) at 10 (citing the requirements of RSA 374-F:3, X). The continued savings from the programs will benefit all customers, both participants and non-participants. The participants enjoy direct benefits of increased energy efficiency and all Electric Utilities' customers benefit from load and system improvements. *See*

*Granite State Electric Company*, Order No. 20,362, 76 NH PUC 820, 823 (1991). In addition, continued savings from the programs will reduce emissions. *See* Exh. 1 at 2-3.

The proposed costs of the programs, which the Core Utilities recover through rates, appear to be just and reasonable as well as consistent with recent mandates that energy efficiency be considered a first-priority supply resource by the utilities and the Commission. Considered as a factor in this determination, the third-party financing options included in the Revised 2015-2016 Filing reflect awareness by the utilities that energy efficiency – to be successful and self-sustaining – must leverage private capital in addition to ratepayer funds.

We commend the Settling Parties for their proposal to increase the budget for the residential Home Energy Assistance Program, which provides weatherization services to income-qualified households. At a time of increasing electricity and natural gas rates and uncertainty about the future of energy supply in the New England region, we find this modification of the Core programs to be timely and appropriate.

In reaching these conclusions, we disagree with the OCA regarding the performance incentive terms within the 2015-2016 Filing, and deny its request that we formally preserve the Commission's right to consider changes to the performance incentive provisions of the 2015-2016 Core programs in the event the Commission approves decoupling of a Core Utility's rates, or the legislature and/or the Commission promulgates an energy efficiency resource standard. Not only does the record lack sufficient evidence to support the OCA's position, which was raised for the first time at the merits hearing, but the Settlement Agreement expressly includes a "Reservation of Rights" provision, which, based upon the closing statements of the Settling Parties, sufficiently protects the OCA's rights to challenge Core performance incentives

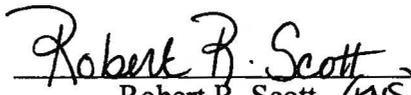
in future Commission proceedings, and when changes in energy efficiency law or regulatory policy occur.

**Based upon the foregoing, it is hereby**

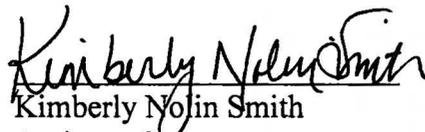
**ORDERED**, that the 2015-2016 Core Energy Efficiency Programs as described in the Settlement Agreement filed on December 11, 2014, and memorialized in Attachments B and C to the Settlement Agreement are hereby APPROVED.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of December, 2014.

  
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Martin P. Honigberg  
Chairman

  
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Robert R. Scott (KNS)  
Commissioner

Attested by:

  
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Kimberly Nolin Smith  
Assistant Secretary

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