

**DE 05-157**

**GRANITE STATE ELECTRIC COMPANY, NEW HAMPSHIRE ELECTRIC  
COOPERATIVE, PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND  
UNITIL ENERGY SYSTEMS**

**Petition for Approval of 2006 “Core” Energy Efficiency Programs**

**Order Following Pre-Hearing Conference**

**ORDER NO. 24,571**

**December 30, 2005**

**APPEARANCES:** Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Leboeuf, Lamb, Greene & MacRae LLP by Maebh Purcell, Esq. for Unitil Energy Systems; Timothy M. Stout for Granite State Electric Co.; Devine, Millimet & Branch P.A. by Mark W. Dean, Esq. for New Hampshire Electric Cooperative, Inc.; New Hampshire Legal Assistance by Alan Linder, Esq. for Save Our Homes Organization; Mary Ann Manoogian for the Office of Energy and Planning; Dana Nute for the New Hampshire Community Action agencies; Thomas Goulette for the New Hampshire Community Technical College at Laconia; Office of Consumer Advocate by Rorie Hollenberg, Esq. on behalf of residential ratepayers; and Donald M. Kreis, Esq. of the Staff of the New Hampshire Public Utilities Commission.

**I. PROCEDURAL HISTORY**

On October 14, 2005, Granite State Electric Company (GSEC), the New Hampshire Electric Cooperative (NHEC), Public Service Company of New Hampshire (PSNH) and Unitil Energy Systems (Unitil) jointly filed with the New Hampshire Public Utilities Commission a proposal for the 2006 “Core” Energy Efficiency programs. These represent the energy efficiency programs that are funded pursuant to RSA 374-F:3, VI by the System Benefits Charge (SBC) that appears on the bill of each electric customer in New Hampshire. The 2005 programs were approved in Order No. 24,410 (December 3, 2004).

The Commission issued an Order of Notice on October 28, 2005, scheduling a pre-hearing conference for November 16, 2005, and establishing a deadline for intervention petitions. Timely intervention requests were received from the Save Our Homes Organization

(SOHO) and the New Hampshire Sustainable Energy Association. The pre-hearing conference took place as scheduled and, without objection, the Commission granted all pending intervention requests as well as intervention requests made at the pre-hearing conference by the Office of Energy and Planning, the jointly appearing New Hampshire Community Action agencies and the New Hampshire Community Technical College at Laconia. The Commission also heard preliminary statements of the positions of the parties.

On the afternoon of the pre-hearing conference, the Legislature took up and ultimately enacted 2005 N.H. Laws 298, which provides for a temporary emergency reallocation of certain SBC funds, ordinarily devoted to energy efficiency programs, to address a shortfall in the assistance available to low-income electric customers in light of recent increases in retail energy costs.<sup>1</sup> In light of the Legislature's consideration of the SBC programs, the Commission deferred to November 18, 2005, the technical session that usually occurs immediately following pre-hearing conferences. Staff submitted a report of the technical session on November 18, 2005, and a request to extend the procedural schedule by two weeks on December 27, 2005. In its original report, Staff noted the participants' agreement to request that the Commission allow the 2005 programs to continue pending the Commission's decision in the 2006 filing.

Discovery proceeded according to the schedule originally proposed by the participants in the pre-hearing conference. Each of the petitioners filed a motion for a protective order with respect to certain data relating to the use of SBC funds by large commercial customers

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<sup>1</sup> Specifically, Chapter 298 provides *inter alia* that (a) without increasing the currently applicable limit on each utility's SBC, a total of 30,000 New Hampshire customers may be served through the SBC-funded low-income electric assistance program, (b) that from January 1, 2006 through June 30, 2006, each utility may reallocate SBC funds from energy efficiency programs to the low-income program so as "to provide comparable monthly assistance to low-income customers within its service area eligible for low-income assistance," (c) that each utility "may continue to provide energy efficiency programs at the levels supported by funding at the [current] level," and (d) to the extent that energy efficiency funds are diverted to meet needs of low-income customers "the utility may correspondingly reduce its energy efficiency expenditures in equal installments over a period of 3 years by the equivalent total amount utilized to fund the temporary emergency measures described herein." 2005 N.H. Laws 298:2, II.

for energy efficiency projects. Also pursuant to the originally proposed schedule, the OCA submitted prefiled direct testimony on December 27, 2005.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Summary of the 2006 Core Proposal**

The petitioners propose to maintain the current menu of statewide Core programs: the Energy Star Homes program, the Home Energy Solutions program, the Energy Star Lighting program, the Energy Star Appliance program, the Home Energy Assistance Program (providing special energy efficiency assistance to low-income customers, as distinct from the program referenced in note 1, *supra*), the New Equipment and Construction program for commercial and industrial customers, the Large C&I (commercial and industrial) Retrofit program, the Small Business Energy Solutions program and certain educational programs. The petitioners also propose to continue certain programs available only in the service territories of individual utilities: the NHEC's load management program, Smart Start program and High Efficiency Heat Pump program; certain programs offered by PSNH for commercial and industrial customers as well as its Smart Start program, the Heatsmart program for low-income customers, an educational program targeted to commercial and industrial customers and the utility's pilot program of requests for proposals from commercial and industrial customers; and Unutil's energy efficiency web site and web-based Home Energy Audit program.

According to the petitioners, since the Core programs were launched in 2002 they saved 2.3 billion kilowatt-hours of energy that would have otherwise been consumed, which the petitioners characterize as 150 percent above goal. The petitioners propose to continue the currently applicable performance incentive mechanism, whereby utility owners receive compensation for achieving specific program goals. They also seek authority to continue to

approve and commit funds to certain projects that will take up to three years to fund and complete, notwithstanding the annual approval of the Core programs overall.

Overall, the petitioners propose to spend \$17,570,922 on statewide Core programs in 2006. According to their filing, they predict these expenditures will yield 641,270,877 in lifetime kilowatt-hour savings by 147,678 customers throughout New Hampshire.

At the pre-hearing conference, each petitioner indicated that it awaited the then-pending action of the Legislature and that it looked forward to proceeding with the energy efficiency programs in 2006 as proposed. PSNH asked the Commission to authorize the 2005 Core programs to continue, pending the ultimate decision in this docket, should it not be finalized prior to the end of 2005. PSNH noted that the Commission has taken such steps in prior years.

#### **B. Save Our Homes Organization**

SOHO expressed general support for the 2006 Core programs as filed, adding certain specific concerns. SOHO asked the Commission to act in a manner that avoids disrupting current Core programs. The organization characterized the administrative costs proposed for recovery by the utilities in connection with the low-income energy efficiency program as somewhat high. SOHO asked that, consistent with prior years, the state's Community Action agencies be given the right of first refusal with respect to low-income jobs. Finally, SOHO expressed interest in significantly increasing the level of participation in the low-income energy efficiency programs, noting that the utilities proposed 2006 participation levels that are nearly identical to the participation levels from 2005.

### **C. Office of Energy and Planning**

The OEP expressed support for continuing the Core programs, stressing their particular value during times of high energy prices as well as their ability to cause reductions in environmental emissions. The OEP indicated it looked forward to working with the parties on revising the Core programs as necessary in light of the Legislature's then-pending deliberations.

### **D. New Hampshire Community Technical College at Laconia**

The Laconia Community Technical College proposed the use of energy efficiency funds from the SBC to pay for the establishment of energy management programming on its campus and, ultimately, throughout New Hampshire's system of community technical colleges. According to the college, the purpose of the program would be to provide continuing education for people who serve in energy-related positions in the private sector as well as governmental entities. Gary O'Connell, the state's energy manager, spoke in support of the initiative at the prehearing conference. The college indicated that the \$250,000 it was requesting for fiscal year 2006-07 is not included in the petitioners' Core proposals.

### **E. Office of Consumer Advocate**

The OCA expressed support for the Core programs, characterizing them as essential for sustaining a reliable, cost-effective and environmentally responsible supply of electricity in New Hampshire. In light of the legislative situation, the OCA did not take a position on the specific proposals of the petitioners.

### **F. Staff of the New Hampshire Public Utilities Commission**

Staff expressed support of the Core programs, noting that kilowatt-hours saved by the programs are marginal kilowatt-hours and thus the most expensive energy for energy suppliers to acquire. At the same time, Staff noted that the \$1.73 million in shareholder

incentive payments reflected in the 2006 proposal could be a source for reducing overall program expenditures.

### III. COMMISSION ANALYSIS

The only issues requiring decision at this time are the procedural schedule to govern the remainder of the docket and, the question of extending the 2005 programs to avoid program interruptions pending our decision. We have determined that the procedural schedule proposed by the parties and Staff, as modified without objection by Staff's letter of December 27, 2005, is consistent with the public interest. Accordingly, the following procedural schedule shall apply for the remainder of this proceeding:

Staff/Intervenor Testimony	January 10, 2006
Data Requests to Staff/Intervenors	January 17, 2006
Data Responses from Staff/Intervenors	January 24, 2006
Settlement Conference	January 26, 2006
Hearing	February 14, 2006

To the extent any party has already submitted prefiled testimony, it is authorized to submit revised testimony on or before January 10, 2006. Given that this schedule will obviously not yield a decision until late February, in order to avoid program interruptions we authorize the petitioners to continue to expend SBC funds on the Core programs authorized in 2005 so that the programs may continue to operate at current levels. This authorization remains effective until we render our decision following the hearing scheduled for February 14, 2006.

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

**ORDERED**, that the procedural schedule set forth above is APPROVED; and it is

**FURTHER ORDERED**, that Granite State Electric Company, the New Hampshire Electric Cooperative, Public Service Company of New Hampshire and Unitil Energy

Systems are authorized to continue to expend funds for energy efficiency programs from the System Benefits Charge for programs authorized in 2005 at their current levels, pending the final order in this proceeding.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of December, 2005.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Clifton C. Below  
Commissioner

Attested by:

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Kimberly Nolin Smith  
Assistant Secretary