



780 N. Commercial Street
P.O. Box 330
Manchester, NH 03105-0330

Matthew J. Fossum
Senior Counsel

603-634-2961
matthew.fossum@eversource.com

July 27, 2015

Debra Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

NHPUC 29 JUL 15 4:54

RE: DE 14-216 CORE Energy Efficiency Programs
Eversource Request to Transfer 2014 Carryover Funds

Dear Director Howland:

On June 24, 2015, in Docket No. DE 12-262, Eversource filed its revised Annual Report and Performance Incentive Calculation with the Commission for the 2014 CORE Energy Efficiency Program Year. As stated in the June 24th filing, a 2014 year-end balance of \$1,255,827 remains available to transfer to Eversource's 2016 energy efficiency program budget. This amount includes a Municipal Program year-end balance of \$373,131. In accordance with RSA 125-O:23,III(b), any unused funds allocated to the municipal program remaining at the end of the 2014 program year shall roll over and be added to the new calendar year municipal program funds.

Rather than using the full 2014 year-end balance in the 2016 program year budget, Eversource is hereby notifying the Commission that it plans to transfer the Municipal Program year-end balance of \$373,131 to the 2015 Municipal Program budget. In addition, Eversource is requesting Commission approval to transfer \$300,663 to the 2015 Home Performance with ENERGY STAR Program ("HPwES Program") budget, and \$445,215 to the 2015 Small Business Energy Solutions Program ("Small Business Program") budget. The remaining balance of \$136,818 will be included in the 2016 Home Energy Assistance Program budget in the Program Year 2016 Update Plan which will be filed with the Commission by September 30, 2015. In order to fairly distribute the funds by customer sector, Eversource utilized the same allocation methodology as will be used to develop the 2016 CORE Energy Efficiency program budgets by sector. As a result, this allocation methodology does not benefit any sector at the detriment of another. It simply moves the funds from the 2016 budget to the 2015 budget. Please reference Attachment A for a description of the allocation calculation. In addition, Eversource notes that since it is seeking to use the funds for existing programs in 2015, Eversource is also requesting that the Commission act expeditiously on this request to ensure that the funds can be made available to customers as soon as possible.

HPwES Program

In support of the HPwES Program request, Eversource states that as of June 23, 2015, the 2015 annual budget of the HPwES Program was fully committed. Eversource estimates 101 additional customer projects can be completed by year-end 2015 based on the 2015 planning assumptions used to develop the 2015/2016 CORE Energy Efficiency Plan. Although Eversource originally projected and communicated that it would be ending its 2015 HPwES Program intake during the last quarter of 2015, based upon the continued customer interest and applications received to-date, Eversource closed the program to new customer applications and has started a customer waitlist. As summarized in the letter to the Commission dated May 21, 2015 from Liberty Utilities regarding the HPwES Program, many factors are likely contributing to this unsurpassed increase in demand for energy efficiency services under the HPwES Program, including:

- Increases in supply cost of electricity and natural gas during the past winter season – one of the solutions to offset increases in energy supply cost is investment in energy efficiency;
- Marketing outreach – several initiatives have been undertaken to increase participation in these programs, such as Eversource’s outreach to residential customers who are likely to utilize electricity to heat their homes; program-specific bill inserts; a redesigned NHSaves website; ButtonUp NH workshops, and outreach by HPwES participating contractors; and
- Ongoing program success which is generating additional demand – past participants are making referrals to their family and friends.

Transferring the funds to 2015 rather than 2016 will permit approximately 101 residents to obtain weatherization and other energy efficiency services sooner. Any customers with applications remaining in queue at year-end who have a desire to proceed with their energy efficiency projects, along with the customers on the waitlist, will be served during program year 2016.

Eversource has developed proposed program goals for the HPwES Program including the new funds requested, which are shown in Attachment B. Please refer to the line labeled “Revised HPwES Program 2015 Goals”. Eversource will include its progress towards meeting the revised goals in the Quarterly Reports filed with the Commission and these goals will be incorporated within the performance incentive calculation for program year 2015. As shown in Attachment B, Eversource also calculated the benefit/cost ratio associated with its proposal. The overall program benefit/cost ratio is 1.48.

Small Business and Municipal Programs

In support of the Small Business and Municipal Program requests, Eversource states that as of June 29, 2015, the 2015 annual budget of both programs are fully committed. By transferring funds to the 2015 budget, Eversource estimates approximately 135 additional small business customer projects and approximately 47 additional municipal customer projects can be completed by year-end 2015 based on the 2015 planning assumptions used to develop the 2015/2016 CORE Energy Efficiency Plan. Because of the current high level of customer demand, Eversource closed the Small Business Program to new customer applications.

Eversource will monitor the committed projects remaining in queue, and will work with customers on 2016 projects. In order to meet the unique budgeting needs of municipal customers, in that city/town representative approval and/or voter approval of expenditures is required, Eversource will continue working with these customers and will commit funds for their 2016 projects. This approach will provide the certainty and time frame needed for cities and towns to gain the budget approvals required for the energy efficiency projects to move forward in 2016.

Similar factors are likely contributing to the increased demand for energy efficiency services under the Small Business Program and Municipal Program, including:

- Increases in supply cost of electricity and natural gas during the past winter season – one of the solutions to offset increases in energy supply cost is investment in energy efficiency;
- Increased customer interest in LED lighting technology to replace existing lighting systems;
- Marketing outreach – several initiatives have been undertaken to increase participation in these programs, such as a redesigned NHSaves website; direct mail outreach performed by Eversource, outreach by electrical contractors and Small Business Program direct install vendors; and significant direct, one-on-one outreach by Eversource to all of its municipal customers; and
- Ongoing program success and increased knowledge of the programs are generating additional demand.

Eversource has developed proposed program goals for the Small Business and the Municipal Programs including the new funds requested, which are shown in Attachment B. Please refer to the lines labeled “Revised Small Business Program 2015 Goals” and “Revised Municipal Program Goals”. Eversource will include its progress towards meeting the revised goals in the Quarterly Reports filed with the Commission and these goals will be incorporated within the performance incentive calculation for program year 2015. Eversource also calculated the benefit/cost ratio associated with its proposal. As shown in Attachment B, the overall program benefit/cost ratios for the Small Business Program is 2.12 and for the Municipal Program is 1.41.

Absent a transfer of funds to these programs, it will be necessary for Eversource to communicate to these customers that their energy efficiency projects will be shifted to the 2016 program year when new energy efficiency funding becomes available. Given the unprecedented high interest in and demand for these programs, Eversource believes it is beneficial and appropriate to transfer the 2014 carryover funds to these programs in 2015, rather than include them in the overall budgets for the 2016 program year.

Weatherizing the homes or replacing inefficient equipment in the homes of approximately 101 residents in the HPwES Program will help to reduce their energy use and their energy burden as the next winter season approaches and will increase the comfort of their homes; installing energy efficient measures, such as LED lighting, refrigeration and HVAC equipment in the buildings of approximately 135 small businesses and 47 cities and towns will

ensure the most efficient technologies are in place sooner resulting in immediate cost savings to our customers.

Eversource sought the input of the parties to the docket on this request and reports that as of the date of this filing the Department of Environmental Services and the Office of Consumer Advocate support the request so that customers currently in queue awaiting energy efficiency services through the Municipal Program, the HPwES Program and the Small Business Program can be served in 2015.

Thank you for your assistance with this matter. Please do not hesitate to contact me should you have any questions.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read 'Matthew J. Fossum', with a long horizontal line extending to the right.

Matthew J. Fossum
Senior Counsel

Enclosures

CC: Service List (electronic mail only)