

1 **STATE OF NEW HAMPSHIRE**2 **PUBLIC UTILITIES COMMISSION**3 **May 2, 2016** - 10:01 a.m.
4 Concord, New Hampshire

NHPUC MAY20'16 PM 3:27

5 **RE: DE 15-137**
6 **GAS AND ELECTRIC UTILITIES:**
7 **Energy Efficiency Resource Standard.**8 **PRESENT:** Chairman Martin P. Honigberg, Presiding
9 Commissioner Robert R. Scott
 Commissioner Kathryn M. Bailey

10 Sandy Deno, Clerk

11
12 **APPEARANCES:** **Reptg. Public Service of New Hampshire**
13 **d/b/a Eversource Energy:**
 Matthew J. Fossum, Esq.14 **Reptg. Unitil Energy Systems, Inc. and**
15 **Northern Utilities, Inc.:**
 Susan S. Geiger, Esq. (Orr & Reno)16 **Reptg. Liberty Utilities (Granite State**
17 **Electric) Corp. and Liberty Utilities**
18 **(EnergyNorth Natural Gas) Corp.:**
 Michael J. Sheehan, Esq.19 **Reptg. New Hampshire Electric**
20 **Cooperative:**
 Mark W. Dean, Esq.21
22
23 Court Reporter: Steven E. Patnaude, LCR No. 52**ORIGINAL**

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 REBECCA OHLER **LESZEK STACHOW**
 ELLEN HAWES **JEFFREY LOITER**

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1	Settlement Agreement (04/27/16)	premarked
2	NHSEA & Partners Direct Testimony of Jeffrey Loiter (12/9/15)	premarked
3	Joint Utilities Petition for Approval of a framework for an Energy Efficiency Resource Standard (12/9/15) with correction (12/21/15)	premarked
4	PUC Staff Direct Testimony of Messrs. Cunningham, Dudley, and Stachow (Revised 12/11/15, 12/18/15 and 1/20/16)	premarked
5	Acadia Center Comments (12/21/15)	premarked
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7	Joint Utilities Joint Rebuttal Testimony (3/1/16)	premarked
8	NHSEA & Partners Reply Testimony of Jeffrey Loiter (3/2/16)	premarked
9	OCA Testimony of James Brennan (3/1/16)	premarked
10	Acadia Center Rebuttal Testimony of Ellen Hawes (3/4/16)	premarked
11	The Way Home Reply Comments (3/2/16)	premarked

P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here this morning in Docket DE 15-137, which is related to all of the electric and natural gas utilities, and we're talking about Energy Efficiency Resource Standards. This is the latest chapter, I hesitate to use the word "culmination", but the latest chapter in the long running discussion about energy efficiency, which has been going on for many decades. This latest iteration involved Staff engaged in a process, which produced a proposal and comments, and then an Order of Notice to open this proceeding, which involved many, many meetings I'm aware of, and many, many comments from different sources regarding the direction the Commission should go in setting an Energy Efficiency Resource Standard and how to pay for it.

Off the record.

*[Brief off-the-record discussion
ensued.]*

CHAIRMAN HONIGBERG: We're aware that we have a settlement that was filed. It was

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1 filed late, with a request that we waive the
2 time for filing settlements, which we have
3 done. I see a panel up there.

4 I hesitate to do this, but I
5 feel like we should take appearances for
6 everybody who's here, which is going to take a
7 lot of time in and off itself. Why don't we
8 start where we usually do.

9 MR. FOSSUM: Good morning,
10 Commissioners. Matthew Fossum, for Public
11 Service Company of New Hampshire doing business
12 as Eversource Energy.

13 MR. SHEEHAN: Good morning. Mike
14 Sheehan, for Liberty Utilities, both in its gas
15 iteration, EnergyNorth Natural Gas, and its
16 electric, Granite State Electric.

17 MR. DEAN: Good morning. Mark Dean,
18 representing the New Hampshire Electric
19 Cooperative.

20 MS. GEIGER: Good morning. Susan
21 Geiger, from the law firm of Orr & Reno,
22 representing Unitil Energy Systems, Inc., and
23 Northern Utilities, Inc.

24 CHAIRMAN HONIGBERG: Let's keep going

1 to the back, if there's other parties who are
2 there in the back who need to identify
3 themselves? People who have intervened or
4 otherwise? Yes.

5 MR. LABBE: Good morning. Dennis
6 Labbe, of New Hampshire Legal Assistance,
7 representing The Way Home.

8 MR. HARRISON: Joe Harrison, from the
9 Community Development Finance Authority.

10 MR. ROONEY: Tom Rooney, with TRC
11 Energy Services.

12 MS. HATFIELD: Good morning.
13 Meredith Hatfield, for the Office of Energy &
14 Planning.

15 REP. BACKUS: Good morning.
16 Representative Bob Backus, Science, Technology
17 and Energy, but representing myself this
18 morning.

19 MR. CLOUTHIER: Good morning. Ryan
20 Clouthier, Southern New Hampshire
21 Services/Community Action Agencies.

22 MS. RICHARDSON: Good morning. Laura
23 Richardson, with the Jordan Institute.

24 MS. BIRCHARD: Good morning. Melissa

1 Birchard, with Conservation Law Foundation.

2 MS. EPSEN: Good morning. Kate
3 Epsen, New Hampshire Sustainable Energy
4 Association.

5 MR. KREIS: Good morning. I'm the
6 Consumer Advocate, Donald Kreis, here on behalf
7 of residential utility customers.

8 MS. PATTERSON: Good morning. Rorie
9 Patterson, along with Les Stachow, Tom Frantz,
10 and Jay Dudley, here on behalf of Commission
11 Staff.

12 CHAIRMAN HONIGBERG: All right.
13 Ms. Patterson, I see that a panel is already
14 seated in the witness box. You want to give us
15 an outline as to how you intend to proceed
16 today?

17 MS. PATTERSON: Please. Thank you.
18 As you can see, we have a panel for you to
19 present the Settlement Agreement. After, at
20 that point, once the primary attorneys have a
21 chance to question their witnesses about the
22 Settlement Agreement, we would propose that the
23 Commission allow the other Settling Parties
24 that are in the room to ask any questions that

1 they may have of the panel following our
2 questioning. And, then, we'll turn it to the
3 Commission, and then, if necessary, redirect.

4 We also would propose a second
5 panel of primarily financial witnesses from the
6 Utilities, and Mr. Loiter will also be present
7 for that panel as well. And following the same
8 routine, direct questioning by the counsel for
9 or representatives for those individual
10 witnesses, and then the opportunity for the
11 other Settling Parties around the room to ask
12 questions.

13 We've marked exhibits and have
14 given you an exhibit list of eleven exhibits, I
15 believe. I did provide you with Staff's
16 testimony, because we did revise it a number of
17 times. I wanted to provide you with a complete
18 copy of that. The Parties have agreed that the
19 exhibits can be entered as full exhibits. We
20 agreed to that in the Settlement Agreement, but
21 I just wanted to mentioned that at this point
22 in time. And that we all also stipulate to the
23 qualifications of the witnesses to testify.

24 CHAIRMAN HONIGBERG: All right.

1 Anything else? Any other preliminary matters,
2 before we get started with the witnesses?

3 Yes, Ms. Patterson.

4 MS. PATTERSON: I'm sorry. One other
5 thing I neglected to mention is that the New
6 England Clean Energy Council, which is a
7 Settling Party, was unable to make the hearing
8 today, and has filed a written closing
9 statement with the Commission.

10 CHAIRMAN HONIGBERG: Do you know if
11 we have that document at this point?

12 MS. PATTERSON: I believe that it's
13 been seen in e-mail. I don't know -- I think
14 it was just filed this morning.

15 CHAIRMAN HONIGBERG: Okay. It will
16 make its way to us no doubt.

17 All right. Is there anything
18 else in the nature of preliminary matters?

19 Yes, Ms. Hatfield.

20 MS. HATFIELD: Thank you, Mr.
21 Chairman.

22 *[Court reporter interruption.]*

23 MS. HATFIELD: Sorry, Mr. Chairman.
24 Just a small thing. We do have two witnesses

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 who actually are representing the parties that
2 they're employed by. So, I didn't know if you
3 needed to take appearances from Ms. Ohler and
4 Ms. Hawes.

5 CHAIRMAN HONIGBERG: Oh. That's a
6 good point. I didn't think about that. Yes.
7 There are parties up there on the witness bench
8 who have no other partners with them out there.

9 Yes, Ms. Ohler.

10 MS. OHLER: Yes. Rebecca Ohler,
11 Department of Environmental Services.

12 MS. HAWES: And Ellen Hawes, with
13 Acadia Center.

14 CHAIRMAN HONIGBERG: That's going to
15 mess up the carefully drawn map I have on this
16 sheet of paper, I just want you to know that.
17 Ms. Ohler and Ms. Hawes, I'm never going to be
18 able to find you again after you move.

19 All right. Is there anything
20 else in the nature of preliminary matters we
21 need to deal with?

22 *[No verbal response.]*

23 CHAIRMAN HONIGBERG: All right. Why
24 don't you swear the witnesses in.

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 (Whereupon **Heather Tebbetts,**
2 **Rhonda Bisson, Rebecca Ohler,**
3 **Leszek Stachow, Ellen Hawes,** and
4 **Jeffrey Loiter** were duly sworn by the
5 Court Reporter.)

6 CHAIRMAN HONIGBERG: Whose going to
7 be directing this motley crew?

8 MS. PATTERSON: I am. I start.

9 **HEATHER TEBBETTS, SWORN**

10 **RHONDA BISSON, SWORN**

11 **REBECCA OHLER, SWORN**

12 **LESZEK STACHOW, SWORN**

13 **ELLEN HAWES, SWORN**

14 **JEFFREY LOITER, SWORN**

15 **DIRECT EXAMINATION**

16 BY MS. PATTERSON:

17 Q. Good morning, Ms. Ohler. Would you please
18 state your full name for the record.

19 A. (Ohler) Yes. Good morning. Rebecca Ohler.

20 Q. And by whom are you employed?

21 A. (Ohler) By the Department of Environmental
22 Services.

23 Q. And what is your position at DES?

24 A. (Ohler) I'm the Administrator of our Technical

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Services Bureau in the Air Resources Division.

2 Q. What is your experience in working with the
3 energy efficiency programs at the Commission?

4 A. (Ohler) I've been an intervenor in the Core
5 dockets for several years now, at least the
6 last two rounds. And I'm an intervenor in this
7 current docket.

8 Q. And you've testified as a witness before?

9 A. (Ohler) Yes, right here.

10 Q. Thank you. Ms. Ohler, if I could direct your
11 attention to the introduction, introductory
12 section of the Settlement Agreement, and if you
13 could just summarize for the Commission and the
14 record where the Parties have been in the last
15 year.

16 A. (Ohler) Yes. In the last year, since the
17 opening of the investigation in March of 2015,
18 the Commission opened a docket, IR 15-072. And
19 the -- I'm sorry, I'm finding my place -- it's
20 an investigative proceeding to receive
21 stakeholder input on Staff's Straw Proposal.
22 This Straw Proposal was developed by Staff
23 beginning in 2014, after the release of the Ten
24 Year State Energy Strategy and a previous study

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 of the increasing energy efficiency in New
2 Hampshire realizing our potential.

3 And Staff, at the direction of the
4 Commission, initiated one-on-one interviews
5 with a broad cross-section of stakeholders to
6 obtain input regarding the form and scope for a
7 potential Energy Efficiency Resource Standard
8 for New Hampshire. In February 2015, Staff
9 released their report "Energy Efficiency
10 Resource Standard: A Straw Proposal for New
11 Hampshire".

12 Subsequently, this investigative
13 proceeding, IR 15-072, was opened to receive
14 stakeholder input on Staff's Straw Proposal.
15 That proceeding found unanimous support among
16 stakeholders for the near-term establishment of
17 an Energy Efficiency Resource Standard using
18 existing PUC authority to advance the policy of
19 energy efficiency as a least cost supplier
20 resource for the electric and natural gas
21 utilities.

22 Subsequently, in May 2015, the Commission
23 opened Docket 15-137 for the purpose of
24 establishing an EERS for the state. Parties

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 have been meeting regularly since then to learn
2 about and discuss all the various aspects
3 implicit in an EERS.

4 During numerous technical sessions, as
5 well as some external EESE Board meetings,
6 parties were able to hear from EERS experts,
7 including individuals from the Regulatory
8 Assistance Project, the Northeast Energy
9 Efficiency Partnerships, Optimal Energy,
10 administrators of other New England EERS
11 programs, as well as experts from our
12 utilities. The information imparted by these
13 experts helped to educate all the Parties on
14 the docket.

15 In December 2015, testimony was filed by
16 several parties proposing frameworks and
17 general terms for a New Hampshire EERS.
18 Parties subsequently engaged in numerous
19 settlement discussions to reach the Settlement
20 Agreement before you today. An agreement made
21 better by the input of the experts that has
22 allowed all the Parties to reach informed
23 decisions regarding many aspects of the EERS.
24 Thank you.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Q. And just one other question, Ms. Ohler. Thank
2 you. Would you say that the technical sessions
3 in which the Parties heard from experts were
4 well-attended?

5 A. (Ohler) Yes. The sessions were very
6 well-attended.

7 Q. And do you see many of the people in this room
8 that attended those meetings, as well as
9 others?

10 A. (Ohler) Yes. The majority of the people in
11 this room were in attendance.

12 MS. PATTERSON: Thank you.

13 BY MR. FOSSUM:

14 Q. Good morning. Ms. Bisson, could you state your
15 name and place of employment and your
16 responsibilities for the record please.

17 A. (Bisson) Yes. My name is Rhonda Bisson. I'm
18 Manager of Regulatory and Planning Support for
19 Eversource's New Hampshire Energy Efficiency
20 Programs. And, in that capacity, I manage the
21 regulatory filings and the support of New
22 Hampshire's Energy Efficiency Implementation
23 Team.

24 Q. And, Ms. Bisson, were you present for and part

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 of the negotiations leading to the Settlement
2 Agreement?

3 A. (Bisson) Yes, I was.

4 Q. And you're familiar with the terms of this
5 Agreement?

6 A. (Bisson) Yes, I am.

7 Q. With that in mind, could you begin explaining
8 what is shown in the Settlement Agreement under
9 Section II, "Settlement Terms". Could you
10 explain Part A for the Commission please.

11 A. (Bisson) Yes, I can. And this section deals
12 with the "Extension of the Core Programs".
13 And, as part of the Settlement Agreement, the
14 Parties have acknowledged that the Utilities
15 are currently administering an energy
16 efficiency plan that covers program years 2015
17 and 2016. But, in order to allow for a
18 transition period to the energy efficiency
19 programs under an Energy Efficiency Resource
20 Standard, the Parties have agreed that a
21 continuation energy efficiency plan covering
22 program year 2017 will be filed by the
23 Commission this year by September 23rd, 2016.
24 And our continuation plan will be similar in

1 content and details as the 2016 update plan
2 that was filed by the Utilities back in 2015.

3 In addition, as part of this continuation
4 plan, the Utilities have agreed to include
5 recommendations on programs and measures that
6 are intended to achieve a statewide electric
7 savings goal of 0.60 percent and a statewide
8 natural gas savings goal of 0.66 percent. And
9 those percentages are part -- are as a percent
10 of our 2014 delivered sales.

11 But these statewide goals are also subject
12 to receiving sufficient funds in order to
13 achieve these statewide goals. And, for
14 guidance, we've provided the Commission with
15 estimated incremental System Benefits Charge
16 and Local Distribution Adjustment Charge
17 funding and rates that would be required to
18 meet these statewide goals. And those are
19 shown in Attachment A and Attachment B. And
20 these estimates are based on our planning
21 assumptions from our most recent approved plan,
22 which is our 2016 update plan.

23 So, as part of the continuation plan that
24 will be filed in September, the Utilities will

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 provide updated values for the SBC and LDAC
2 funding that's necessary, as well as the rates,
3 for the Commission's approval. And that would
4 be based upon a comprehensive planning process
5 that we will engage in with the stakeholders.

6 And that, if the Commission were to
7 approve those funding levels, if they -- if
8 they were to approve funding levels that were
9 materially different than what we actually
10 include in the continuation plan, then the
11 Utilities would have the option and would be
12 able to update the plan based on the actual
13 funding levels that are approved by the
14 Commission. So, there is a possibility, as we
15 move forward, that those could potentially be
16 adjusted.

17 And the Settling Parties recommended a
18 continuation plan prior to the implementation
19 of an EERS mainly to allow adequate time for
20 stakeholder review, as well as a thorough
21 program development as part of the Energy
22 Efficiency Resource Standard. And that will
23 allow that to happen next year in advance of a
24 three-year plan that would be filed in 2017.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 And that will be more fully discussed by
2 Mr. Stachow.

3 Q. Ms. Bisson, just one question. Turning back to
4 what you described as the "statewide goals of
5 0.60 percent for electric savings and 0.66 for
6 gas savings", do those represents an increase
7 over the current savings levels in -- that are
8 being achieved through the Core Programs?

9 A. (Bisson) Yes, they do. They are an increase
10 from the 2016 plan.

11 MR. FOSSUM: Thank you.

12 BY MR. SHEEHAN:

13 Q. Ms. Tebbetts, if you could give us your name,
14 occupation and role with the Company for the
15 record.

16 A. (Tebbetts) Yes. Good morning. My name is
17 Heather Tebbetts.

18 *[Court reporter interruption.]*

19 **BY THE WITNESS:**

20 A. (Tebbetts) My name is Heather Tebbetts. And I
21 work for Liberty Utilities Service Company.
22 I'm an Analyst in our Rates and Regulatory
23 Department. And my role is to provide
24 rate-related services for the Company.

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1 BY MR. SHEEHAN:

2 Q. And, Ms. Tebbetts, could you explain what role
3 you played through this EERS proceeding.

4 A. (Tebbetts) Liberty Utilities was one of the
5 Parties that signed the Settlement. And we
6 worked diligently to get this program
7 implemented and deployed at some point soon.
8 And, also, we are a party that runs the gas and
9 electric utilities' programs.

10 CHAIRMAN HONIGBERG: Go off the
11 record for a second.

12 *[Brief off-the-record discussion*
13 *ensued.]*

14 CHAIRMAN HONIGBERG: All right.
15 Mr. Sheehan, sorry for interrupting.

16 MR. SHEEHAN: Thank you.

17 BY MR. SHEEHAN:

18 Q. Ms. Tebbetts, I'm going to ask you to review
19 what is Section B of the Settlement Agreement,
20 beginning on Page 4 and running into Page --
21 top of Page 7.

22 A. (Tebbetts) Uh-huh.

23 Q. And the title of that section is "Lost Revenue
24 Adjustment Mechanism", or "LRAM", "and

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Decoupling". Could you give us an overview of
2 what this section of the Settlement Agreement
3 accomplishes.

4 A. (Tebbetts) Yes. So, the Lost Revenue
5 Adjustment Mechanism -- the section really
6 covers -- there's a lot of detail in this
7 section. So, I'll go through it in, hopefully,
8 in enough detail. But it gets kind of long.

9 So, the Lost Revenue Adjustment Mechanism,
10 the Settling Parties agreed that it would be
11 implemented January 1, 2017. That it would
12 continue until another mechanism, such as
13 decoupling, was implemented. Lost revenues
14 will not be considered a cost of the Core
15 Programs for purposes of the benefit/cost test
16 or a cost of the EERS once implemented. The
17 Lost Revenue Adjustment Mechanism calculation
18 is set forth in this. And it starts with our
19 total revenues would equal or project a
20 cumulative savings, times the utility's
21 distribution rates, which excludes customer
22 charges. And the lost revenue rate would be
23 total lost revenues divided by a projected
24 billed consumption, and that consumption will

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 be measured in kilowatt-hours or therms.

2 The projected cumulative savings will be
3 summed monthly to arrive at a total annual
4 savings, which are cumulative from year to
5 year.

6 Retirement adjustments will be made to
7 retired measures, and will apply to measures
8 installed after January 1, 2017. Any savings
9 associated with an expired measure will be
10 removed from the lost revenue calculation on
11 the expiration date of that measure.

12 Adjustments to savings from EM&V studies
13 will be included in the lost revenue
14 calculation for measures installed in the
15 following year.

16 Lost revenues will be recovered through an
17 adjustment to the SBC for electric and the LDAC
18 for the gas utilities. For electric, the Lost
19 Revenue Mechanism will be the same for all rate
20 classes, similar to how the SBC is today, but
21 will vary by utility. For gas, the Lost
22 Revenue Mechanism will vary by sector, so C&I
23 and residential, as it is today, and will vary
24 by utility. Each calendar year the savings

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1 that go into calculating the Lost Revenue
2 Mechanism will be capped at 110 percent of the
3 planned annual savings.

4 Savings will be reconciled to account for
5 the actual month the measures were installed.
6 And, as Ms. Bisson mentioned earlier, we
7 provided Attachments A and B to the Settlement
8 to provide illustrative calculations on how the
9 cap is applied, estimated rates, and bill
10 impacts. The Lost Revenue Mechanism will be
11 reconciled annually to account for any over or
12 under collections and installation of new
13 measures and retirements. Cost estimates from
14 the previous year will be reconciled with
15 actual savings achieved. Savings will be
16 audited by an independent third party.
17 Interest on balances will be calculated using
18 the same interest rates as the SBC and LDAC are
19 used today.

20 The Settling Parties agree that the Lost
21 Revenue Adjustment Mechanism is reasonable and
22 appropriate and should not otherwise be
23 adjusted. Savings will be reset at each
24 utility's next rate case following the

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 implementation of LRAM. Each utility has
2 agreed to cease the Lost Revenue Adjustment
3 Mechanism when a new decoupling or alternative
4 mechanism is implemented. Each utility will
5 seek approval of decoupling or another
6 mechanism in its next distribution rate case
7 after the first triennium, which ends at the
8 end of 2020. If, before that period, a utility
9 chooses to seek decoupling prior to the end of
10 2020, this Settlement does not preclude or
11 prevent that.

12 Settling Parties agree that seeking
13 decoupling or an alternative mechanism will
14 only be done in the context of a rate case,
15 consistent with the Commission's guidance in
16 Order Number 24,934, dated January 16th, 2009.

17 And, finally, the Settling Parties agree
18 that the Settlement does not restrict the
19 Commission from investigating or implementing
20 decoupling or an alternative to the Lost
21 Revenue Adjustment Mechanism at any time.

22 Thank you.

23 Q. Ms. Tebbetts, you've walked through the basics
24 of the calculation, and you've referenced

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Exhibits A and B. Do those provide examples of
2 a hypothetical LRAM calculation?

3 A. (Tebbetts) Yes, they do.

4 MR. SHEEHAN: We'll talk about those
5 later. Thank you.

6 CHAIRMAN HONIGBERG: Who's next?

7 MS. PATTERSON: I am. Thank you. I
8 am.

9 BY MS. PATTERSON:

10 Q. Mr. Stachow, would you please state your name
11 for the record please.

12 A. (Stachow) Yes. My name is Leszek Stachow.

13 Q. And could you spell that please.

14 A. (Stachow) Spell it? Certainly. L-e-s-z-e-k,
15 S-t-a-c-h-o, with a signal over it, a line over
16 it, -w.

17 Q. Thank you. By whom are you employed?

18 A. (Stachow) I'm employed by the New Hampshire
19 Public Utilities Commission.

20 Q. And what is your position at the PUC?

21 A. (Stachow) My current position is Assistant
22 Director in the Electrical Division.

23 Q. Can you briefly describe for the Commission
24 your involvement in this proceeding?

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 A. (Stachow) As briefly as possible, the
2 Commission requested that the Staff of the
3 Commission develop a Straw Proposal for an
4 EERS. Staff completed a Straw Proposal. And,
5 then, the Commission initiated an
6 investigation. And, arising from that
7 investigation, Staff filed testimony. And
8 we're here today.

9 Q. And that testimony has been marked as "Exhibit
10 4", is that correct?

11 A. (Stachow) Correct.

12 Q. And you participated on behalf of Staff in the
13 settlement negotiations leading to the
14 Settlement Agreement, which is marked as
15 "Exhibit 1"?

16 A. (Stachow) To a degree, yes.

17 Q. Could you explain that response please?

18 A. (Stachow) Yes. There were settlement
19 negotiations that took place with Staff
20 participation and some without Staff
21 participation.

22 Q. Thank you. May I direct your attention to
23 Section II.C, which is found on Page 7 of the
24 Settlement Agreement please.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 A. (Stachow) Yes.

2 Q. Could you please summarize the terms of that
3 section please.

4 A. (Stachow) I'll do my best. The Settlement
5 Agreement that you, the Commission, you have
6 before you, is very much a framework. As you
7 see from an earlier witness, there is a
8 continuation plan, which I tend to view as sort
9 of a bridging period to the year 2017. And we
10 have still before us, assuming you agree to the
11 Settlement Agreement, the details of the
12 implementation plan to be fleshed out.

13 With regard to the Energy Efficiency
14 Resource Standard, the intent is that it will
15 be implemented in 2018, in part recognizing the
16 wishes of the State Legislature under House
17 Bill 2 that anticipated a constraint upon
18 funding for an EERS until, I believe, July of
19 2017, if I'm not mistaken.

20 The intent of the EERS is that it will be
21 implemented by the Utilities as administrators,
22 and that administrative role will remain until
23 the year 2020. The expectation is that
24 administrative role will not change or any

1 proposal for a change in that role prior to
2 January of 2020, and any change that might
3 arise from that is agreed upon between the
4 Parties would not take effect until January the
5 first of 2021.

6 As you've already heard, in
7 September 2017, the Utilities will file a
8 Comprehensive Plan for EERS implementation,
9 with the expectation that it will be
10 implemented in January 1, 2018 with your
11 approval. The Plan will be developed in
12 consultation with all of the parties, that is
13 the Settling Parties, other stakeholders, and
14 there is an independent planning expert
15 anticipated to assist the process.

16 The statewide savings goals that will
17 be -- that will form part of EERS will result
18 in cumulative savings relative to 2014 sales of
19 3.1 percent on the electrical side and
20 2.25 percent on the gas side. These are the
21 targets that the Parties hope to achieve by the
22 end of 2020.

23 Not surprisingly, these goals are
24 dependent on funding and on the ability of that

1 funding to be available. And the expectation
2 is that that funding will be primarily provided
3 through adjustments in the SBC charge and the
4 LDAC charge, and any other sources that become
5 available and approved by the Commission.

6 The objective here is to try and balance
7 the goals of achieving more cost-effective
8 energy efficiency and benefits to ratepayers,
9 with gradually increasing funding for
10 efficiency, whilst at the same time trying to
11 minimize ratepayer impacts.

12 The Utilities have developed estimates of
13 costs to achieve these goals, which I believe
14 can be found on Page 10 of the electrical
15 spreadsheets and on Page 7 of the gas
16 spreadsheets.

17 As part of this Comprehensive Plan, the
18 Utilities will furnish a planning expert. They
19 have committed to review updated cost estimates
20 for achieving these savings levels, and will
21 offer proposed adjustments to the Commission if
22 authorized funding levels differ materially.

23 Future targets will be determined in a
24 cyclable planning process related to the second

1 three-year EERS period with the goal always of
2 achieving full cost-effective energy
3 efficiency. Part of future planning will
4 include exploration of various additional
5 funding sources.

6 During the period of the first EERS
7 triennium, annual updates will be submitted for
8 review by the Commission via an abbreviated
9 process resembling the current Core docketed
10 process. The objective of the annual updates
11 will be to adjust programs and targets as
12 needed and serve to address any other issues
13 that may arise, as well as evaluation results,
14 state energy code changes, or various other
15 improvements that may take place that need to
16 be taken into account.

17 It's agreed between the Settling Parties
18 that any Party can request to reopen any matter
19 covered in the Settlement Agreement in response
20 to so-called "exogenous" events, which have
21 been defined in the Settlement Agreement as
22 "unforeseeable externally imposed legal or
23 regulatory changes that affect a Utility's
24 energy efficiency-related costs by at least

1 10 percent, [either up or down]."

2 As I've already hinted, there will be an
3 EERS planning expert that will be hired by the
4 PUC with a budget not to exceed 95,000 annually
5 and disbursed from the Core budget in 2017 and
6 subsequently within the EERS budgetary process.
7 The objective will be to assist with the
8 planning process for the implementation of the
9 Comprehensive Plan, and with subsequent
10 planning.

11 Q. Thank you. Ms. Bisson testified a little while
12 ago about 2017 and how that differed from the
13 implementation of an EERS in 2018. Do you
14 agree that 2017 will be a planning year?

15 A. (Stachow) Yes.

16 Q. And that there are -- there may be some --
17 there may be details to be worked out during
18 that year, which might include development of
19 standardized documentation?

20 A. (Stachow) Correct.

21 Q. And that there may be also further discussions
22 about recommendations that were in Parties'
23 proposals that may not have been in the
24 Settlement Agreement, is that correct?

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 A. (Stachow) Correct. That was the reason for
2 stating up front that this is a "framework"
3 settlement.

4 MS. PATTERSON: Thank you. And I
5 have no other questions of Mr. Stachow at this
6 point in time. If I might circle back to him
7 following the presentation of the panel, just
8 to ask him a conclusion question about his --
9 would you like me to ask that now, his position
10 on the Settlement Agreement and that he
11 supports it?

12 CHAIRMAN HONIGBERG: I mean, in the
13 normal course, that would be --

14 MS. PATTERSON: Okay.

15 CHAIRMAN HONIGBERG: -- what we'd
16 expect. I have a sneaking suspicion no one is
17 going to object if you want to do that
18 follow-up at the end. So, --

19 MS. PATTERSON: I can do it now. I'm
20 fine.

21 CHAIRMAN HONIGBERG: Go for it.

22 MS. PATTERSON: Thank you.

23 BY MS. PATTERSON:

24 Q. Mr. Stachow, based on your experience in this

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 docket, as well as your prior investigative
2 work on behalf of the Commission, is it your
3 opinion that the terms of the Settlement
4 Agreement are just and reasonable?

5 A. (Stachow) Yes. Can I expand on that a little?

6 Q. Yes.

7 A. (Stachow) Staff's support for the Settlement
8 Agreement arises in part from the fact that
9 it's universal -- there is a universal
10 acceptance for the implementation of an EERS,
11 which was the motivation behind all of this
12 work. It begins in 2018 out of deference to
13 House Bill 2.

14 Staff settled -- Staff's support for the
15 Settlement arises from the Utilities'
16 commitment to migrate to decoupling or a
17 similar mechanism in the future. And its
18 support arises from the establishment of a
19 robust EM&V system to support the evaluation
20 and the measurement of savings.

21 We support it also because it's in keeping
22 with the State Energy Strategy; establishes a
23 framework for cost-effective investment savings
24 and program activity; establishes a cap on the

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 LRAM; and it limits the performance incentive,
2 as we'll hear in a few moments.

3 For all these reasons, the Staff supports
4 the Settlement.

5 MS. PATTERSON: Thank you. No other
6 questions. Thank you.

7 CHAIRMAN HONIGBERG: Okay. Who's
8 Next? Don't all jump at once. Ms. Hatfield,
9 Europe grabbing the microphone.

10 MS. HATFIELD: Yes. Thank you, Mr.
11 Chairman. I am going to ask some questions of
12 Ms. Hawes.

13 BY MS. HATFIELD:

14 Q. Ms. Hawes, would you please state your full
15 name for the record.

16 A. (Hawes) Yes. Ellen Hawes.

17 Q. And by whom are you employed?

18 A. (Hawes) Acadia Center.

19 Q. And what position do you hold with Acadia?

20 A. (Hawes) I am a Senior Analyst focusing on
21 energy and carbon markets.

22 Q. Have you testified at the New Hampshire Public
23 Utilities Commission previously?

24 A. (Hawes) I have not.

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Q. Could you just very briefly talk about your
2 background and your work on these issues.

3 A. (Hawes) Yes. I've worked for Acadia Center
4 since 2007, worked a lot on energy efficiency,
5 renewable energy, carbon sequestration,
6 specifically, in New Hampshire, participated in
7 the Ten Year Energy Strategy, as well as
8 providing input on efficiency to the
9 investigation that preceded this docket.

10 Q. And have you participated in similar dockets in
11 other jurisdictions?

12 A. (Hawes) Yes. Although not testifying, I've
13 intervened and participated.

14 Q. And you filed comments in this docket back in
15 December of last year, is that correct?

16 A. (Hawes) Yes.

17 Q. And those were marked as "Exhibit 5"?

18 A. (Hawes) Yes.

19 Q. And you also filed reply testimony on March 4th
20 of this year?

21 A. (Hawes) Correct.

22 Q. And that's filed -- excuse me -- marked as
23 "Exhibit 10"?

24 A. (Hawes) Yes.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Q. And did you participate in the settlement
2 discussions in this case?

3 A. (Hawes) I did.

4 Q. Can you just spend a few minutes walking us
5 through Section D of the Settlement, which is
6 on Page 9?

7 A. (Hawes) Yes. Section D deals with the
8 "Performance Incentive". The Parties are
9 proposing maintaining the current formula and
10 metrics that exist for the Core Programs for
11 calculating the Performance Incentive at least
12 through 2017, but lowering -- lowering the
13 percentages for the target, as well as the
14 maximum cap on the PI that the Utilities can
15 earn.

16 Specifically, the Settlement is proposing
17 changing the current target from what is
18 currently 7.5 percent for Electric Utilities
19 and 8 percent Gas, changing that, lowering it
20 to 5.5 percent for both Electric and Gas, and
21 this is to ensure consistency through the
22 programs.

23 It also proposes changing the cap on the
24 maximum incentive that can be earned.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Currently, that is 10 percent of program
2 spending for Electric, 12 percent for Gas, this
3 would be lowering it to 6.875 for both Gas and
4 Electric. Those new percentages would be
5 maintained at least through the first period,
6 the first triennium.

7 In terms of the actual formula, the
8 Parties are proposing that, prior to the filing
9 of the 2018 EERS, there could be a review, and
10 Parties could propose changes to the formula at
11 that point. There was no -- there wasn't
12 enough time to fully vet all of the changes
13 that could be considered, so that is why I
14 think that there be more adequate time to
15 discuss that prior to 2018 filing. But,
16 specifically, the Settlement Agreement is
17 calling out looking at low income programs and
18 how those could be contributing and calculated
19 in the formula.

20 The lowering of, as I think Les mentioned,
21 the lowering of the PI is tied to the fact that
22 Utilities are now able to collect lost revenue
23 through the LRAM. And the new percentages that
24 are in there, in terms of the cap, that is --

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 that is well in line with other states that
2 have either a lost revenue mechanism or a
3 decoupling. And we believe that the new PI is
4 really striking a balance between providing
5 enough of an incentive to the Utilities and
6 protecting ratepayer money.

7 Q. Do you believe that the Settlement Agreement is
8 in the public interest and that the Commission
9 should approve it?

10 A. (Hawes) Yes. I do believe that this Settlement
11 Agreement would be putting New Hampshire an
12 important first step toward capturing an all
13 cost-effective agreement, and we support it
14 fully.

15 MS. HATFIELD: Thank you.

16 MR. FOSSUM: Up again.

17 BY MR. FOSSUM:

18 Q. Good morning again, Ms. Bisson. Could you
19 discuss what is noted as "Section E" now of the
20 Settlement Agreement on "Low Income Program
21 Activity".

22 A. (Bisson) Yes, I can. In the "Low Income
23 Program Activity" section, in recognition of
24 the current need of energy efficiency services

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 in the low income sector of New Hampshire's
2 population, the Settling Parties have agreed to
3 increase the percentage of the overall total
4 budget that's apportioned to the Home Energy
5 Assistance Program from 15.5 percent to
6 17 percent. And our understanding, from the
7 Office of Energy & Planning, as well as the
8 Community Action Agencies and The Way Home,
9 that there continues to be a significant need
10 in this sector of our population.

11 And, in terms of the infrastructure and
12 capability of serving these needs, the
13 Utilities, as well as the Community Action
14 Agencies, have the ability to serve the
15 additional households that would receive
16 benefits through these additional funds.

17 Q. And, as Ms. Hawes mentioned, relative to the
18 Performance Incentive, there's a provision in
19 there relating to low income customers. Does
20 that tie in with what is noted in the
21 information in Section E?

22 A. (Bisson) Yes, it is. We've agreed to take a
23 look at the Performance Incentive, as the
24 Settling Parties, and I'll take a look at

1 potential modifications that could be made, to
2 ensure that it reflects serving of the low
3 income sector. There's a few different types
4 of modifications that could potentially be
5 made, such as potential -- because the low
6 income program is a fuel-neutral comprehensive
7 program, potentially removing the requirement
8 that 55 percent of the total energy savings
9 come from electric kilowatt-hours could
10 potentially be a change that would be
11 recommended in the future, again, to help
12 address serving the needs for low income.

13 Or, potentially, we could make
14 modifications to the Performance Incentive
15 metric caps. Right now, there's an electric
16 lifetime kilowatt-hour savings metric, as well
17 as a benefit/cost metric. And, to the extent
18 that those caps were removed, it potentially
19 would allow the Utilities to be recognized in a
20 positive manner for achieving more
21 kilowatt-hour savings, again, deeper measures,
22 more comprehensive measures, even though it
23 could require increased costs in that sector.
24 So, it could potentially help the low income

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 programs in the delivery of those programs in
2 the future, as well as other fuel-neutral
3 programs in the residential sector.

4 Also another important consideration, we
5 feel, on a going-forward basis, is to
6 potentially address the impact that lower fuel
7 prices are having on the benefit/cost ratio for
8 the low income sector, as well as other
9 fuel-neutral programs. And it's the
10 possibility that adding additional benefits
11 that are not currently included in the benefits
12 calculation, in the benefit/cost test, could be
13 included in that calculation.

14 So, we would recommend that all the
15 Parties, in collaboration, take a look at some
16 of those non-energy benefits and potentially
17 include them on a going-forward basis. But all
18 of those types of potential modifications or
19 changes would be fully vetted and subject to
20 discovery in the future, and that would be all
21 part of the planning process that Ms. Hawes
22 discussed earlier.

23 Q. And, since -- I guess we're timing our
24 questions now, Ms. Bisson, is it your position

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 that the Settlement Agreement -- the provisions
2 of the Settlement Agreement are just and
3 reasonable and should be approved?

4 A. (Bisson) Yes. Most definitely. The Joint
5 Utilities -- Electric utilities do support the
6 Settlement Agreement in its entirety, and we
7 believe it's just and reasonable. And we urge
8 the Commission to approve the Settlement
9 Agreement. For over a decade, the Utilities
10 have worked collaboratively to develop and
11 implement cost-effective energy efficiency
12 programs, which has provided energy and cost
13 savings to our customers, and have provided
14 significant benefits to the State of New
15 Hampshire.

16 And, in our opinion, the Settlement
17 Agreement provides a framework for implementing
18 an EERS in New Hampshire that allows for an
19 expansion of energy efficiency, and it truly
20 strikes a balance between the views of the 20
21 Settling Parties that are before you today.
22 So, we would urge the Commission to approve it.

23 MR. FOSSUM: Thank you.

24 BY MS. EPSEN:

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Q. Good morning, Mr. Loiter. Can you please state
2 your full name for the record?

3 A. (Loiter) Yes. Jeffrey Loiter.

4 Q. Thank you. Could you also please state your
5 title and place of employment there.

6 A. (Loiter) Yes. I am employed at Optimal Energy,
7 Incorporated, where I am a Partner.

8 Q. Thank you. Have you testified at this
9 Commission before?

10 A. (Loiter) I have not had the pleasure, no.

11 Q. Could you please briefly describe your role in
12 this proceeding.

13 A. (Loiter) Yes. I was retained to provide
14 support, expert support in the area of energy
15 efficiency broadly to the New Hampshire
16 Sustainable Energy Association and other
17 intervening parties. And, as part of that, I
18 attended several of the technical working
19 sessions and participated in most of the
20 settlement discussions as well.

21 Q. Thank you. Could you also briefly please
22 describe your qualifications and experience in
23 this type of subject matter and proceeding?

24 A. (Loiter) Sure. I have worked in energy

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 efficiency specifically for the last ten years
2 at Optimal Energy, and that work ranges from
3 analytical work on all aspects of energy
4 efficiency, from savings calculations from
5 particular measures, all the way up through the
6 economics and the cost-effectiveness of
7 programs and measures. Excuse me. It includes
8 program planning and design, reviewing
9 evaluation studies, and making recommendations
10 as a result of those findings. I have served
11 clients that range from utilities, all the way
12 through to, you know, non-profit intervenors,
13 such as NHSEA.

14 Q. Okay. Referring to Section II.F now, on Page
15 10, "Evaluation, Monitoring and Verification",
16 could you please summarize and review that
17 section of the Settlement.

18 A. (Loiter) Yes. The key part of the Settlement
19 regarding EM&V is recognition of the importance
20 of having an independent expert view and review
21 and contribution in the area of EM&V. As
22 Mr. Stachow indicated earlier in his statement,
23 knowing that the evaluation of the programs is
24 robust and supportable and defensible is an

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 important part of, I think, all Parties getting
2 behind the Settlement and continuing to support
3 cost-effective energy efficiency in New
4 Hampshire.

5 And, so, the Settlement includes as a key
6 component the retention of an expert, an
7 independent expert, who would advise all of the
8 Settling Parties, the Staff, Intervenors, the
9 Utilities, in the area of evaluation. And I
10 think there's a number of areas in which that
11 expert input would be relevant. Some of them
12 are listed here. One that I want to call out
13 is how the results of evaluation inform program
14 improvement going forward. Certainly,
15 evaluation is, in part, retrospective and aimed
16 to provide confidence to ratepayers and the
17 Commission and intervenors that efficiency
18 programs are being developed -- excuse me --
19 being delivered in a cost-effective and in an
20 efficient way, in a way that serves all
21 customers and ratepayers. But it also provides
22 a valuable source of information for
23 improvement in programs going forward. And
24 it's important that that prospective

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1 applicant's evaluation be recognized and be
2 part of how evaluation is planned and
3 implemented.

4 The only other thing I want to call out
5 there is a small part about the intent to
6 develop a technical reference manual or a
7 technical resource manual, which is a document
8 that provides a consistent and standard method
9 for calculating savings from efficiency
10 measures across all the utilities that would be
11 delivering efficiency in the state. And that
12 that's an important task that could occur in
13 the next few years that an independent expert
14 could assist with.

15 MS. EPSSEN: Thank you. No further
16 questions.

17 CHAIRMAN HONIGBERG: Are there any
18 other questions for the panel from any of the
19 Parties and Intervenorors? If you would like to
20 ask questions, if you could signal in some way?

21 *(Show of hands.)*

22 CHAIRMAN HONIGBERG: Mr. Kreis.

23 MR. KREIS: Thank you, Mr. Chairman.
24 I just have a very few questions. And I'm not

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 sure I have strong preferences about who on the
2 panel can answer these questions. So, I'm open
3 to that.

4 **CROSS-EXAMINATION**

5 BY MR. KREIS:

6 Q. My first question has to do with the Lost
7 Revenue Adjustment Mechanism. And this might
8 be a question for the utility witnesses. To a
9 skeptic who is or might be concerned that the
10 results of the Lost Revenue Adjustment
11 Mechanism might tend to overwhelm the amount of
12 money that's actually expended on energy
13 efficiency programs, what would a good response
14 be? What constrains the growth of the amount
15 of money recovered under the Lost Revenue
16 Adjustment Mechanism?

17 A. (Tebbetts) One of the items that the Settling
18 Parties agreed to, Mr. Kreis, was that there
19 would be a cap on the total amount of lost
20 revenue based on plan savings. That cap is at
21 110 percent of those savings.

22 Q. And would you also agree that the fact that the
23 LRAM mechanism has a hard stop in the
24 Settlement Agreement also serves a

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 constraining -- serves as a constraint on the
2 growth of LRAM?

3 A. (Tebbetts) Yes.

4 Q. Thank you. My next question has to do with the
5 provision on Page 7 of the Settlement
6 Agreement. There's a chart at Page 7. And,
7 following that chart it says "The above savings
8 goals are cumulative and are intended to reach
9 overall savings of 3.1 percent electric sales
10 and 2.25 percent of electric [gas?] sales,
11 relative to the baseline year of 2014." And,
12 just to be absolutely clear, each of those
13 individual numbers represents an incremental
14 addition to savings. Would that be a fair
15 statement? Again, that's probably a good
16 question for the utility witnesses.

17 A. (Bisson) Yes. These are incremental savings
18 for measures that would be installed during
19 those years.

20 Q. In the provision of the Settlement Agreement
21 that talks about LRAM coming to an end and
22 being replaced by either decoupling or another
23 mechanism, does anybody on the panel have
24 another such mechanism in mind at this point?

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 A. (Stachow) Perhaps I can try and respond to
2 that, if I may. I can't speak for other
3 members, other Parties in the Settlement
4 Agreement. But my understanding of that is
5 that essentially around the United States there
6 is either decoupling in place or LRAM in place.
7 However, each LRAM is unique and each
8 decoupling mechanism is unique. And,
9 therefore, perhaps "alternative mechanism" may
10 mean "how does one tweak that particular
11 decoupling mechanism in order to make it more
12 appropriate for the New Hampshire setting?",
13 for example. That's how I treated that
14 additional comment.

15 Q. Is it possible it simply allows for the
16 possibility that some really smart person,
17 perhaps somebody on the panel, might at some
18 point think of some new mechanism that has
19 previously been unthunk?

20 A. (Stachow) Nothing would preclude that from
21 happening, no.

22 Q. But there is nothing specific in mind that
23 hasn't been disclosed or anything like that?

24 A. (Stachow) That would be my understanding.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Q. And, finally, I just want to draw the
2 Commission's attention to the fact that my
3 colleague, Mr. Brennan, submitted prefiled
4 testimony, and I have lost my list of exhibits,
5 so I can't tell you its exhibit number. But
6 maybe somebody else can do that for me?

7 MS. PATTERSON: Nine.

8 BY MR. KREIS:

9 Q. Exhibit 9. There are no references to Exhibit
10 9 in the Settlement. And my question for the
11 panel is, is there anything in the Settlement
12 Agreement that would preclude the Office of
13 Consumer Advocate from presenting the ideas
14 contained in Exhibit 9 for consideration in
15 some future proceeding?

16 A. (Stachow) Do you want an answer from everyone?

17 Q. One answer would suffice, as long as nobody
18 disagrees with it.

19 A. (Stachow) Okay. Then, perhaps if I may speak
20 for my colleagues here. I would say nothing
21 precludes.

22 MR. KREIS: Thank you. And I notice
23 all the other heads on the panel were nodding.
24 Mr. Chairman, I think that's all the questions

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 I have.

2 CHAIRMAN HONIGBERG: All right. Is
3 there anyone else among the Parties and
4 Intervenors who has questions?

5 Yes, Ms. Hatfield.

6 MS. HATFIELD: Yes. Thank you. A
7 question for Ms. Ohler.

8 BY MS. HATFIELD:

9 Q. I thought I heard Mr. Stachow say that Parties
10 could raise issues that were in testimony that
11 weren't in the Settlement. But would it be
12 your understanding that the Settlement
13 Agreement terms are what the Parties agreed to
14 implement for an EERS, and that part of the
15 agreement process is that we're not reverting
16 back to our original proposals?

17 A. (Ohler) Yes. That's my understanding.

18 MS. HATFIELD: Thank you.

19 CHAIRMAN HONIGBERG: Anyone else in
20 the Parties and intervenors, before I ask --
21 offer the opportunity to the Commissioners?

22 *[No verbal response.]*

23 CHAIRMAN HONIGBERG: All right.

24 Seeing none, Commissioner Scott.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 COMMISSIONER SCOTT: Thank you. And
2 good morning, everybody. I think this is the
3 largest panel I can remember. And, at the risk
4 of getting a lot of answers and taking up a lot
5 of time, whoever would like to answer the
6 question, I guess we'll start with that.

7 BY COMMISSIONER SCOTT:

8 Q. And, so, my first question is, the Settlement
9 Agreement talks about electric savings and gas
10 savings. In the existing programs, there are
11 other savings, other energy efficiency measures
12 that are implemented that are not for natural
13 gas customers and not directly aimed at
14 electric savings. I was curious, does this
15 Settlement Agreement address that or does it
16 change how, for instance, under --

17 *[Court reporter interruption.]*

18 COMMISSIONER SCOTT: HPwES, I'm
19 sorry.

20 CHAIRMAN HONIGBERG: Spell that.

21 COMMISSIONER SCOTT: I can't spell
22 it.

23 MS. PATTERSON: H-P-w-E-S.

24 BY COMMISSIONER SCOTT:

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 Q. So, in short, does this Settlement change how
2 other energy efficiency measures, other than
3 electric, are dealt with?

4 A. (Bisson) No, it doesn't. What we are doing is
5 having a primary focus on our electric savings
6 in meeting the statewide targets that have been
7 set. But those programs will continue to have
8 non-electric and non-natural gas savings as
9 part of those programs. And those savings will
10 continue to be tracked, and the benefits of
11 that will continue to be incorporated as part
12 of our benefits/cost calculation on a
13 going-forward basis.

14 Q. Do you see the Performance Incentive change
15 having an impact on those type of activities?

16 A. (Bisson) Potential future modifications? I
17 think future modifications could potentially
18 help to address a focus on comprehensive
19 all-fuel programs, and ensure that the
20 Performance Incentive doesn't provide a
21 disincentive for that view.

22 Q. Thank you. And I did offer if anybody else on
23 the panel wanted to, so just -- are we okay?

24 A. (Hawes) Yes. I just wanted to clarify, which I

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 think you all got, that the current metrics are
2 in place through the 2017 transition period,
3 and potentially will maintain, but there's this
4 review and potential modification prior to the
5 2018 filing.

6 Q. Thank you.

7 A. (Loiter) If I could, Commissioner, just --

8 Q. Yes, please.

9 A. (Loiter) The only thing I'll offer for the
10 Commission's consideration is that the
11 inclusion of the value, the benefits of those
12 kinds of measures, for example, if you've done
13 weatherization and it reduces both air
14 conditioning usage and oil heat --

15 *[Court reporter interruption.]*

16 **CONTINUED BY THE WITNESS:**

17 A. (Loiter) For the kinds of measures that you
18 might be referring to that might save both
19 electric cooling and non-natural gas and
20 non-electric heating, it's consistent with
21 practice in other states. That the benefits of
22 those are included when considering these
23 measures as part of an overall program, and
24 that these types of measures and programs are

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 widely implemented in other locations as well.

2 BY COMMISSIONER SCOTT:

3 Q. Thank you. So, the -- watching the Legislature
4 recently, there's a potential for the way the
5 RGGI funds are going to be -- right now,
6 anything over a dollar goes back to effectively
7 ratepayers, there's the potential -- there's a
8 bill currently going through, I understand,
9 that may change some of that. If that happens,
10 will that impact the amount of Systems Benefit
11 Charge increase that's requested to meet the
12 standard?

13 A. (Ohler) I guess I can take that one. And I
14 think the answer is "yes". That would offer
15 significantly more RGGI dollars to the
16 efficiency programs that are currently
17 available. Given the establishment of targets
18 in this for the first three years of the LRAM,
19 that anything that is funded through RGGI
20 dollars would not need to be -- would not need
21 to be looking to the SBC or LRAM -- LDAC,
22 sorry, for that to cover those costs.

23 Q. Thank you. And, again, whoever would like to
24 answer, and maybe this next one you may all

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 want to answer, is why the Systems Benefit
2 Charge, if, and this particularly is -- my
3 question is really geared for the Utilities, I
4 think. To the extent that we're looking at
5 energy efficiency as a lowest cost resource,
6 would that not be appropriately funded just
7 like any other supply that you go on the market
8 and get? Why do we need to increase the
9 Systems Benefits Charge? Why wouldn't you just
10 incorporate this into rates?

11 A. (Tebbetts) Commissioner Scott, the reason that
12 the Utilities felt the best place for these
13 dollars to be spent would be through the SBC
14 was we're already receiving energy efficiency
15 funding through the SBC and the LDAC. And, so,
16 we felt it was most appropriate to continue
17 that. We also felt that customers can see
18 where their dollars are going. And it's really
19 important for customers to know that their
20 charges on their bill are going towards the
21 energy efficiency. And it's the same deal with
22 the LDAC. Obviously, there's a portion of that
23 that goes to energy efficiency also.

24 A. (Loiter) You mind if I? Another reason why

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 efficiency is often not included in rate base,
2 I believe, is because it's seen as having a
3 different risk/return balance than traditional
4 supply side investments. And also tends to
5 come with a wide range of useful life. And,
6 therefore, rather than putting those
7 investments in rate base, with, you know,
8 investments that have a 20, 30, and 40 year
9 life, and for which, you know, very large
10 capital expenditures are needed, and, you know,
11 which have to be compensated at a -- using all
12 of the complexity of capital costs, efficiency,
13 traditionally, in this country, has been
14 invested in at, you know, much, much lower
15 dollars than those other capital investments.
16 And, therefore, I believe it's been more
17 transparent and a little more, you know,
18 practical to recover the costs along the lines
19 of an SBC, rather than rolling into rate base.
20 Q. Okay. Any others? Okay. Thank you. And,
21 just to orient me, Mr. Stachow, can you, on
22 Exhibit 4, your original proposal as amended,
23 can you just orient me, you had a Plan A and
24 Plan B, and some notional targets in there.

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1 How does the Settlement compare with that?

2 A. (Stachow) If we look at them cumulative --
3 thank you. If we look at them cumulatively,
4 first of all, you need to see that our
5 expectation was that we would kick off in 2017
6 with an EERS. And, of course, that was
7 delayed. So, we now have to take that
8 additional bridging year or we've called it --
9 what have we called it? A transition to reach
10 the commencement of EERS.

11 In terms of cumulative savings, on the gas
12 side, the cumulative three-year target, whether
13 it was ours, '17 through '19, or the
14 Settlement, '18 through '20, it was remarkably
15 similar. The Settlement anticipated cumulative
16 savings on the gas side of 2.25, and we had
17 anticipated 2.39. So, they're very much in the
18 ballpark, in our view. On?

19 The electric side, there is something of a
20 difference. And our original electrical
21 savings for the first three years, '17 through
22 '19, were for a cumulative total of 2.04
23 percent, and the cumulative savings on
24 electrical side in the Settlement are

1 3.1 percent.

2 But I think that might be distorting the
3 reality somewhat just to look at the three
4 years. Please bear in mind, in the original
5 Staff plan, was a plan that looked forward for
6 ten years. The Settlement looks at the first
7 three-year period of Energy Efficiency Resource
8 Standard. And our intent was to perhaps
9 move -- the Staff's intent originally was to
10 move gradually towards a goal, which was a
11 fairly, in our view, a fairly significant goal
12 at the end of the ten-year period.

13 On the other hand, as a result of the fact
14 that we've adopted the terms of the Settlement,
15 we are not opposed to moving that goal, making
16 that goal more aggressive in the short-term.
17 Of course, conditional on the fact that the
18 Commission will approve funding to make that
19 possible. Anything that encourages greater
20 energy efficiency is something that Staff would
21 support.

22 Q. Thank you.

23 A. (Stachow) I hope that answers your question.

24 Q. I think it does. Thank you. And my last

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 question I think, and the Chair has scolded me
2 that, when I say "last", I usually have one
3 more after that, is the Performance Incentive,
4 and again maybe -- well, whoever would like to,
5 I know we currently have a cap and a target.

6 Can you explain the operation of the two?

7 What's the difference between a "cap" and a
8 "target" for the PI?

9 A. (Bisson) The target of the Performance
10 Incentive is we will -- the Utilities will put
11 together a plan and goals to meet a performance
12 incentive at the target. And should our actual
13 activity or performance do -- that we do better
14 than planned, then the potential for a higher
15 Performance Incentive percentage is there. So,
16 our Performance Incentive actually ranges from
17 anywhere from 0 percent, up to the new
18 6.875 percent cap. So, the Utilities receive
19 an incentive based on our performance, based on
20 the metrics that are in the Performance
21 Incentive calculation, which is lifetime
22 electric kilowatt-hour savings for the electric
23 utilities, as well as the cost-effectiveness
24 test.

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 COMMISSIONER SCOTT: Thank you. All
2 set.

3 CHAIRMAN HONIGBERG: I'll just note,
4 Commissioner Scott, when you say it's your
5 "last question", you get everyone's hopes up.
6 And you're not the only person in the room who
7 has that tendency.

8 Commissioner Bailey.

9 COMMISSIONER BAILEY: Thank you.
10 Good morning.

11 BY COMMISSIONER BAILEY:

12 Q. Is the 0.6 and 0.66 percent savings for the
13 transition year, is that an incremental number?
14 Or, I don't know what the energy efficiency
15 savings are to date.

16 A. (Stachow) I don't know if this will be of help
17 to you. The original, for 2016, the
18 incremental savings, for 2016, on the energy
19 side that were planned was 0.50 percent, and on
20 the -- on the electric side, and 0.61 percent
21 on the gas side.

22 The 2017 incremental savings under the
23 bridging year, as part of the Settlement
24 Agreement, would now move that up from 0.5 to

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 0.6 on the electric side, and from 0.61 to 0.66
2 on the gas side.

3 Q. So, for electric, it's a 0.1 percent increase?

4 A. (Stachow) It's a --

5 Q. 0.1 percent increase?

6 A. (Stachow) Correct. Right.

7 Q. Okay. So, 0.6 is the cumulative number, of all
8 the energy efficiency that we've achieved thus
9 far, plus what we're going to achieve in 2016,
10 equals 0.6?

11 A. (Stachow) No.

12 Q. No?

13 A. (Stachow) 0.6 is the incremental saving
14 relative to the 2014 base year. Because all of
15 our incremental savings are relative to the
16 2014 base year.

17 Q. Yes.

18 A. (Stachow) And each year that adjustment is
19 increased. And, so, for 2017, the expectation
20 in the Settlement Agreement would be there
21 would be 0.60 on the electric side. Does
22 everyone agree?

23 Q. Yes. Mr. Loiter has something to say, I think.

24 A. (Loiter) If I may? In energy efficiency, when

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 you say "incremental", that's usually referring
2 not to how much greater our activity was in
3 this year than our activity was in the past
4 year, it refers to the new savings we get in
5 this year, because you have to remember that
6 the activity that happened last year is still
7 generating savings. And, these percentages are
8 all about how much energy is saved in one year
9 relative to the sales in one year. So, when we
10 say that it's "0.6 incremental", that means
11 it's new savings that we got from program
12 activity in this year. It doesn't mean that
13 it's that much more activity than the activity
14 we did in the previous year.

15 So, I think you were onto it when you said
16 "this year we're doing 0.1 percent more than we
17 did last year". But, over the many years that
18 the New Hampshire utilities have been
19 delivering, we're at -- I don't know what the
20 cumulative, 5, 6, 8, 10 percent savings have
21 accumulated over the years, maybe not that
22 much, but -- so, cumulative really does refer
23 to, as you said, what's happened over all the
24 years to now. The increment is the new stuff

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 we're doing, that we're getting from the money
2 we spend in this year.

3 Q. So, if we look at this table on Page 7 of
4 Exhibit 1, in two -- and we start with 2017.
5 So, 2017, the number, if there were a row in
6 that table, would be 0.6?

7 A. Correct.

8 Q. Right?

9 A. (Witness Stachow nodding in the affirmative).

10 Q. And then, in 2018, it's 0.8, so it goes up
11 two-tenths, but it's a little bit more than
12 that, because it's all based on 2014, and we
13 already have achieved some savings. So, it
14 would be demand is lower than it was in 2016?

15 A. (Loiter) You are touching on something where
16 the shifting baseline, because you have reduced
17 your usage, can play a role. But I think,
18 because this is all relative to 2014, it takes
19 away that. I think the easier way -- if I
20 could try? The easiest way to think of this
21 is, if 2017 was the first year we had done any
22 energy efficiency, the sales would end up being
23 0.6 percent less than the 2014 sales. After
24 2018, they would be 1.4 percent less than the

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 2014 sales. By 2019, they would be 2.4 percent
2 less than the 2014 sales, *etcetera*.

3 Q. So, if they --

4 A. (Loiter) They stack up.

5 Q. Right. So, if we start in 2017, and we're
6 looking for an overall cumulative savings, it
7 would be 3.7 percent, rather than 3.1 percent,
8 is that right?

9 A. (Loiter) Over those four years.

10 Q. Yes.

11 A. (Stachow) Over four years, yes.

12 Q. Yes. Okay. All right. Thank you. I'd like
13 to explore how you determine or how you prove
14 that this is the least cost energy that we have
15 available. So -- and maybe that's for the next
16 panel, you can tell me if it is. But can
17 somebody walk me through that analysis and show
18 how energy efficiency is the lowest cost supply
19 resource? Is that in the attachments? No?

20 A. (Tebbetts) No. We did not put
21 cost-effectiveness in the attachments, no.

22 Q. Can you talk me through it? Do you know? I
23 mean, how do you know that that's true?

24 A. (Bisson) Well, in all of our programs, we

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 actually develop our programs such that the
2 benefits outweigh the costs in aggregate for
3 all of our programs. So that we look to have
4 benefit/cost ratios that are greater than one
5 for those certainly in all of our programs.

6 Q. So tell me what is -- what you put in the
7 numerator and the denominator when you do that
8 analysis?

9 A. (Bisson) And I would have to refer to one of
10 the implementation experts that actually do
11 benefit/cost calculation. And I'm not sure if
12 we could potentially call another witness to
13 the stand that actually knows all the different
14 components of our benefits calculation.

15 Q. Mr. Loiter, looks like he knows?

16 A. (Loiter) I think I can give an overview. The
17 key part of the benefits of doing efficiency is
18 the cost of the energy that you avoid
19 expending. So, instead of having fuel for the
20 generators or -- and, you know, here in New
21 England where it's all deregulated, instead of
22 having to buy power and capacity on the market
23 or through contracts, you can invest in
24 efficiency. And, so, the numerator that you

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1 referred to, those benefits, it's really how
2 much I would have had to spend if I had to
3 purchase the energy and the capacity that I
4 have not needed as a result of the efficiency.
5 And those avoided costs, that's the term that
6 we use, "avoided costs", in New England,
7 there's a study that's done, it's funded
8 jointly, and that presents and provides a whole
9 set of those costs for each state and each load
10 zone. And that's really the primary benefits.

11 So, that's how you know it's least cost.
12 If the value of what you avoided spending is
13 greater than what you actually spent, you know
14 it's a lower cost.

15 Q. Okay. Thank you. Does anybody know how or if
16 this will minimize distribution costs?

17 A. (Tebbetts) So, distribution costs are set based
18 on the cost of doing business for poles and
19 wires for each local utility. And, so,
20 short-term, saving a kilowatt-hour or therm, we
21 don't see how there is that immediate
22 short-term benefit to the utility for those
23 costs. But, long term, there very well may be
24 benefits in areas where customers have high

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 huge today. They go to put some sort of energy
2 efficient measure in, maybe LED lighting. And,
3 so, down the road, as those savings accumulate
4 for customers in that area, there may be
5 benefits.

6 Q. What kind of benefits?

7 A. (Tebbetts) The types of benefits you could see
8 would be, I guess, load reduction in those
9 areas. So, if there were some kind of targeted
10 energy efficiency programs down the line or
11 opportunities like that, you could hopefully
12 use that to prolong the time it would take to
13 have to, you know, increase reliability, so
14 spend money on increased reliability maybe,
15 down the road. But, again, that would be a
16 long-term planning, rather than short-term,
17 because we don't know today who's installing
18 LED lights. Currently, through our programs,
19 if a customer came to us, but, you know, if
20 you're going to your local store to purchase
21 the lights, we don't know you purchased them.
22 But, down the line, as we see load reduction in
23 areas, we may not need to install, you know,
24 right away those large cost items, such as, you

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 know, larger substations, etcetera.

2 Q. Okay. Can anybody talk a little bit about how
3 putting the energy efficiency costs in the
4 Systems Benefit Charge might help fund public
5 benefits related to the provision of
6 electricity?

7 A. (Ohler) I guess, if I'm understanding you
8 correctly, you're asking "is there a public
9 benefit to using these funds for efficiency?"
10 Is that --

11 Q. Yes.

12 A. (Ohler) And, so, I think that the answer is
13 "yes", on a couple of fronts. There's as the
14 need for -- as the need for additional
15 generation capacity is reduced through our
16 efficiency programs, all ratepayers benefit,
17 because they don't have to spend those -- their
18 rates aren't going to go up to cover those
19 costs of additional infrastructure. And, then,
20 relative to the low income programs, there's a
21 significant societal benefit associated with
22 reducing the home heating and cooling costs for
23 these low income individuals. It's also a
24 significant health benefit for them, because

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1 sometimes some of those low income housing are,
2 you know, so cold or so opened that there's
3 really unhealthy living conditions inside some
4 of those homes, and this program helps to bring
5 those up to a better standard. And that
6 reduces the costs for society in general,
7 because there's less hospital visits, there's
8 more productivity at work. So, I guess those
9 are some examples.

10 A. (Hawes) Yes. I was just going to add, in our
11 original comments, which I think is Exhibit 5,
12 discussed a little bit about how efficiency
13 spending benefits all ratepayers and not just
14 the program participants. Referenced a recent
15 study in Vermont that found a \$25 million
16 benefit to all ratepayers from one year of
17 efficiency spending.

18 Q. How did they figure that out, do you know?

19 A. (Hawes) I don't -- well, I think it might
20 include DRIPE, but I believe it's broader than
21 that. But, you know, they mentioned there's,
22 you know, bringing down wholesale electricity
23 prices, as well as forward capacity prices as
24 well from some of that spending. But I don't

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 have the study in front of me, I don't remember
2 from filing back in December, you know,
3 everything they looked into, but --

4 Q. And the theory is, by reducing the amount of
5 energy that is needed, the highest cost
6 generators --

7 A. (Hawes) Exactly.

8 Q. -- get pushed out of the supply stack?

9 A. (Hawes) Uh-huh.

10 Q. Okay. I think it might have been you who said
11 that "customers can see charges on their bill
12 going toward energy efficiency". Who said
13 that?

14 A. (Tebbetts) I believe it was me.

15 Q. You did? Oh. I'm sorry. Okay. Can they --
16 so, they see very clearly that there's a cost
17 to energy efficiency. How do they see that
18 there's a savings?

19 A. (Tebbetts) Well, I can give you an example on
20 my own. I purchased 26 LED light bulbs for our
21 home. And, although they were significantly
22 expensive, in the first month, our bill went
23 down \$42. And, so, I can tell you firsthand
24 that by -- although I can see my charge on my

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1 bill is the SBC, and I know some of it goes to
2 energy efficiency. Once I immediately
3 purchased those light bulbs, I already saw a
4 savings. So, it will probably take four months
5 to get my full savings back, and then, after
6 that, it's just pure savings.

7 Q. Oh, I understand that, on an individual basis.
8 But I -- say I don't replace my lights with
9 LED, and I have that cost on my bill for energy
10 efficiency, and maybe some of it went to you to
11 get a refund on your light bulbs, but I didn't
12 do that. I believe that there is, as we talked
13 about, an overall reduction in rates, because
14 of generation costs, right?

15 A. (Tebbetts) Uh-huh.

16 Q. That even somebody like -- even somebody, who's
17 not like me, but even somebody who doesn't
18 invest in energy-efficient light bulbs would
19 experience a reduction in rates, but they may
20 not realize it, what it's from. Is there any
21 way for customers to have that understanding?
22 Or do the customers who don't buy specific
23 things to improve energy efficiency in their
24 homes, they just see a cost to this?

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 A. (Tebbetts) Well, non-participants, the
2 customers who do not purchase the light bulb,
3 for example, they should see an overall
4 reduction in their bill when that last
5 generator is not called on line. And, so, the
6 idea behind it is that it reduces costs for
7 everybody in that sense. That's really where
8 it reduces the costs. For customers who are
9 participants, they see that reduction, and they
10 also get to see the reduction on their own
11 bill.

12 A. (Loiter) If I could? I think an analogy would
13 be, if a utility decided to replace an old,
14 inefficient generator with a new, more
15 efficient generator, I think it would be hard
16 to see the benefit immediately in that.
17 Because, you know, often on a bill there's
18 fixed charge, there's distribution charge,
19 there's fuel adjustment clauses, all of those
20 could change as a result of changes in that, in
21 those investments. I'm also sort of speaking
22 about more of an old, vertically integrated
23 model.

24 But I think you understand the analogy is

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1 that I think an electric bill is implicated for
2 a lot of people to understand. I think it is
3 difficult for customers to understand these
4 benefits. And that's why I think the education
5 component and the public messaging around
6 efficiency is really important, so that people
7 do have the confidence that they are getting a
8 benefit, even though they see that on their
9 bill.

10 They won't remember that the -- the line
11 that's the price of gas or the price of power
12 from ISO-New England, they won't notice that
13 that's gone down, but they will notice that
14 they have got this extra charge. And, so, I
15 think it is a challenge to help people
16 understand that, but I don't think it's
17 insurmountable. But I think you're touching on
18 something that is important.

19 Q. Is that something that you keep track of or we
20 keep track up when we're studying the impact of
21 these programs? Does somebody look to see
22 that, and maybe the ISO does this, that, you
23 know, we saved this many megawatt-hours of
24 energy, so the next increment of cost to that

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 generator that didn't come in the bid stack
2 would have been X, and so --

3 A. (Loiter) Yes.

4 Q. And where does that show up?

5 A. (Loiter) The study I referred to earlier that
6 talked about and presents an analysis of these
7 avoided costs does include a specific estimate
8 for that effect, and the acronym for that is
9 "DRIPE", which is "Demand Reduction Induced
10 Price Effect". So that study, the avoided cost
11 study, does include estimates of that, of that
12 very effect for various conditions.

13 Q. Maybe we could, you know, get that out to the
14 public in some understandable way at some point
15 in time, that would be good.

16 A. (No verbal response).

17 COMMISSIONER BAILEY: All right.

18 Thank you.

19 BY CHAIRMAN HONIGBERG:

20 Q. I'm going to pick up where Commissioner Bailey
21 left off. And I think many of you know that we
22 get phone calls and letters. And one of the
23 first wave of letters and phone calls, if this
24 goes into effect, is the series that says

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[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 "You're raising my rates. You're raising my
2 cost of doing business. How can you do that?"

3 Other than what you've already said, and I
4 know much of what all of you have been saving
5 is in response to that, what would you arm our
6 people with, and, for the Utilities, your own
7 call centers, as those -- as those calls and
8 letters start coming in?

9 A. (Bisson) Well, there's a few areas that we
10 would focus on. Certainly, that the overall
11 benefits outweigh the costs of the programs.
12 And we could provide some information overall
13 that shows those level of cost savings. In
14 addition, it provides significant environmental
15 benefits with respect to reduced emissions.

16 I know we track this information as the
17 utilities, and our programs to date have
18 resulted in the equivalent of taking
19 1.8 million passenger cars off the road for a
20 year. So, we could share those type of
21 statistics in ways that could potentially
22 resonate with our customers.

23 There's also significant economic
24 benefits, in that the dollars that are saved by

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1 our customers can be reinvested back here in
2 the New Hampshire economy. And, in addition,
3 there's increased job creation with result --
4 that results from increased energy efficiency
5 activity.

6 So, we could certainly share that
7 information with our customers.

8 Q. Other thoughts from members of the panel?
9 Ms. Ohler.

10 A. (Ohler) I guess just one thought, that the
11 Utilities do bid in a certain portion of the
12 efficiencies that they are planning on
13 obtaining into the Forward Capacity Market, and
14 that results in an actual dollar value of the
15 savings. And, so, there's a -- that would be
16 something to point to if you're looking for a
17 number to pin on what's the value of the
18 efficiency, could point to what ISO has placed
19 that value at, based on what they bid in.

20 Q. All of those are great, and some significant
21 portion of the population is going to scream
22 "socialism" when they hear those good answers.
23 Mr. Stachow I know spent some time with the
24 business community in developing the proposal

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 that Staff put together. I'm wondering whether
2 anyone could enlighten us as to the involvement
3 of the business community, the local chambers,
4 the BIA, which calls itself a "Statewide
5 Chamber of Commerce", in this process once this
6 docket started?

7 MS. PATTERSON: May I speak to that?

8 CHAIRMAN HONIGBERG: Sure,
9 understanding that you're not under oath.

10 MS. PATTERSON: I am not under oath.
11 But I am under an obligation to be candid to
12 the tribunal as a lawyer.

13 And I will say that the BIA did
14 participate initially in the docket as an
15 interested party, and they remained on that
16 list receiving Commission issuances. And, at
17 least on one occasion, I made efforts to reach
18 out to them and include them and invite them to
19 be a participant in this process.

20 WITNESS STACHOW: Can I add to that?

21 CHAIRMAN HONIGBERG: You certainly
22 may.

23 **BY THE WITNESS:**

24 A. (Stachow) It's impression, and I certainly can

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 be corrected here, that they were --

2 [Court reporter interruption.]

3 **CONTINUED BY THE WITNESS:**

4 A. (Stachow) -- that they were unable to attend
5 most of the technical sessions. And, so,
6 therefore did not benefit from the insights
7 that were shared by others during these
8 technical discussions. And I can speak to
9 settlement discussions that took place outside
10 of Staff participation, but, with Staff's
11 participation, I never saw a representative of
12 the BIA there, and expressed surprise to that
13 effect.

14 BY CHAIRMAN HONIGBERG:

15 Q. New topic.

16 A. (Loiter) I'm sorry, Your Honor.

17 Q. I'm sorry, someone else wants to add?

18 A. (Loiter) Yes, sir.

19 Q. Oh, Mr. Loiter. Sorry about that.

20 A. (Loiter) One thing, to go back to your original
21 question, which is "how do you answer the
22 inquiry?" I think an appropriate response to
23 that is "You're right, that's your money. You
24 should go get some of that back. You should go

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1 participate in the programs. You should reduce
2 your energy usage and reap the benefits of this
3 as directly as you can."

4 Because it's one thing to assert that
5 there are these generic -- not "generic", but
6 general, broad benefits to the state economy
7 and the state environment, it's another to say
8 "Those programs are there for you. You can
9 save energy, and you could come out ahead."

10 A. (Hawes) And can I add?

11 Q. Ms. Hawes.

12 A. (Hawes) Pardon. I was just going to add along
13 those same lines as the response to your
14 original question, that a pretty
15 straightforward thing to say is that, you know,
16 prices are by supply and demand, and we have
17 some very straightforward charts from ISO-New
18 England showing what energy consumption is
19 expected to be without efficiency spending
20 compared with efficiency spending, and there's
21 a huge difference. And, so, obviously, if
22 demand is going to go way up without these
23 programs, that that could likely impact future
24 rates. So, this is not only currently, but a

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 way to make sure that electricity rates don't
2 skyrocket in the future.

3 A. (Stachow) Could I add one more thing, since
4 everybody else is adding on, too?

5 Q. Sure. I paused. I thought someone might want
6 to.

7 A. (Stachow) I'm sorry. I just wanted to add, of
8 course, the financial panel are more
9 appropriate perhaps to address the bill
10 impacts. Staff looked at the bill impacts on
11 the residential side in particular, and we
12 found the cumulative change in the bill over
13 the four-year period was -- seemed reasonable,
14 in light of the potential energy efficiency
15 savings that would be implemented in the
16 marketplace.

17 But, if you recall, as part of the
18 Settlement Agreement, there is an expectation
19 to look at alternative funding sources. And,
20 perhaps, as that develops over time, there may
21 be an opportunity to further ameliorate impacts
22 on SBC charges and LDAC.

23 Q. Thank you for that addition. Ms. Ohler.

24 A. (Ohler) And, I guess, just to build on that, I

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 think the one thing that we've heard
2 consistently for years in New Hampshire is that
3 we have very little private sector investment
4 in New Hampshire because we've had unstable
5 energy policy for many years. And an EERS not
6 only gives us more stability, because of a
7 three-year program, but also, by investing
8 additional state resources in this, it's more
9 likely to attract that private sector
10 investment. And, if we keep going on the --
11 you know, with the year to year to year Core
12 Programs that really aren't an ambitious
13 savings goal, we're very unlikely to ever
14 attract that private sector dollars into our
15 programs.

16 Q. If this were to be implemented, how would this
17 place us among our neighbors, in terms of their
18 versions of an EERS?

19 A. (Hawes) Yes. So, I have -- there's a table in,
20 again, in Exhibit 5, on Page 4, where I had
21 laid out some of the proposed savings targets
22 for surrounding states. So, I think two states
23 did compare, and Massachusetts is one of the
24 leaders, so they're proposing, in 2016,

[WITNESSES: Tebbetts~Bisson~Ohler~Stachow~Hawes~Loiter]

1 2.93 percent for electric, 1.24 for gas. On
2 the other end, Connecticut is proposing
3 1.42 percent for electric, 0.57 for gas. So,
4 it's certainly getting us closer to the states
5 in the region, which have been leaders in the
6 country.

7 CHAIRMAN HONIGBERG: I think the
8 other questions I have are probably more
9 appropriately directed at the lawyers. So, I
10 don't think I have anything else for this
11 panel.

12 Commissioner Scott.

13 COMMISSIONER SCOTT: I didn't want to
14 disappoint the Chair. I have one more
15 question.

16 BY COMMISSIONER SCOTT:

17 Q. On EM&V, there is reference to the "Technical
18 Resource Manual", again, whoever feels best to
19 answer. Am I correct that there's other models
20 to use nationally? So, this is -- I just want
21 some assurance that we're not going to
22 re-invent the wheel here.

23 A. (Loiter) Yes. Absolutely. Sorry.

24 A. (Stachow) Part of Staff's anxiety in developing

[WITNESSES: Tebbetts~Goulding~Loiter]

1 a New Hampshire-specific Training [Technical?]
2 Resource Manual is we don't have one in place
3 at the moment. And, so, some of the algorithms
4 that are used in order to determine potential
5 level of savings from various measures are
6 effectively, from my understanding, is borrowed
7 from other jurisdictions, if they're not -- if
8 they have not been tested on a piecemeal basis
9 here in the state. The intent really is to
10 come up with a New Hampshire-specific
11 recommendation, which is a recommendation that
12 was provided to the Staff by Tech Market, who
13 were the external consult who was hired by the
14 Commission to review the status of EM&V work in
15 the State of New Hampshire in the Commission.

16 COMMISSIONER SCOTT: Thank you.

17 CHAIRMAN HONIGBERG: All right. Do
18 any of the lawyers have follow-up questions for
19 their witnesses?

20 *[No verbal response.]*

21 CHAIRMAN HONIGBERG: All right.
22 Seeing none. Let's go off the record for a
23 second.

24 *[Brief off-the-record discussion]*

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1 *ensued.]*

2 CHAIRMAN HONIGBERG: On the record.
3 We're going to take a ten-minute break, come
4 back as close to ten minutes before 12:00 as we
5 can.

6 (Recess taken at 11:40 a.m. and the
7 hearing resumed at 11:57 a.m.)

8 CHAIRMAN HONIGBERG: All right. We
9 see the panel has changed. Mr. Patnaude.

10 (Whereupon **Christopher Goulding** was
11 duly sworn by the Court Reporter,
12 joining a witness panel with
13 **Heather Tebbetts** and **Jeffrey Loiter**
14 who have been previously sworn.)

15 **CHRISTOPHER GOULDING, SWORN**

16 **HEATHER TEBBETTS, PREVIOUSLY SWORN**

17 **JEFFREY LOITER, PREVIOUSLY SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. FOSSUM:

20 Q. I'll forgo the other witnesses, since they have
21 already introduced themselves on the record.
22 And, so, I'll just ask Mr. Goulding, could you
23 state your name, your place of employment, and
24 your responsibilities for the record please.

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1 A. (Goulding) Sure. My name is Chris Goulding.
2 I'm employed by Eversource Energy as the
3 Manager of Revenue Requirements for New
4 Hampshire. In my role, I'm responsible for the
5 coordination and implementation of revenue
6 requirement and rate calculations for
7 Eversource.

8 Q. And were you involved in the settlement
9 negotiations that led to the Settlement that's
10 presented to the Commission today?

11 A. (Goulding) Yes, I was.

12 Q. And, more particularly, were you involved in
13 the development of a series of attachments that
14 were attached to the Settlement Agreement?

15 A. (Goulding) Yes.

16 Q. And, you're --

17 *[Interruption through the speakers of*
18 *a ringing telephone.]*

19 CHAIRMAN HONIGBERG: Let's go off the
20 record for a minute.

21 *[Brief off-the-record discussion*
22 *ensued.]*

23 CHAIRMAN HONIGBERG: All right.

24 Where were we?

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[WITNESSES: Tebbetts~Goulding~Loiter]

1 BY MR. FOSSUM:

2 Q. Just very quickly, before moving onto other
3 things. Mr. Goulding, are there any
4 corrections to the attachments that are
5 included with the Settlement Agreement that's
6 presented as "Exhibit 1" today?

7 A. (Goulding) Yes. In Attachment A, Page 7 of 10,
8 the line says "Bill per month, including PSNH
9 default energy service", it should say
10 "Liberty". This is Liberty's bill impacts.

11 Q. And, so, for reference, is that what's Bates
12 Page 23?

13 A. (Goulding) Yes. Bates Page 23.

14 Q. If you could -- other than that change you've
15 just described, the attachments are up-to-date
16 and accurate to the best of your knowledge
17 today?

18 A. (Goulding) Yes, they are.

19 Q. Now, if you would, could you just briefly
20 explain and walk through what it is that these
21 attachments are showing and what it is that
22 they are meant to convey.

23 A. (Goulding) Okay. We'll start with Page 1.
24 I'll probably spend the most amount of time on

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1 here, because it's a summary page of all the
2 information behind there. So, what this has is
3 each company, in 2017, '18, '19 and '20, has a
4 statewide savings goals per the Settlement
5 Agreement, 0.6 percent for 2017, 0.8 percent
6 for 2018, 1.0 percent for 2019, and 1.3 percent
7 for 2020. And those savings goals are based on
8 the 2014 delivery sales.

9 So, we start with line one, or the top
10 line, which just happens to be Eversource, in
11 2017. The fourth column over you'll see the
12 contribution to the statewide -- "Savings to
13 Statewide", is 0.47 cents -- I mean,
14 0.47 percent, which equals annual savings of
15 50,803 megawatt-hours. The column to the right
16 of that has a total budget to achieve those
17 savings, and the total budget is based on the
18 2016 planned cost-to-achieve assumptions. And,
19 for Eversource, that was -- that is inflated
20 by -- inflation of 2.5 percent, with a
21 performance incentive of 5.5 percent. To the
22 right of that, you have the current funding,
23 which is the current RGGI estimate, the current
24 SBC funding at the 0.18 cent per kWh, and the

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1 current FCM funding estimate.

2 So, the difference between the total
3 budget and the current funding gives you an
4 incremental funding. And that's the
5 incremental energy efficiency funding needed to
6 achieve these higher savings goals over the
7 current level that we have now.

8 And, then, to the right column, you have
9 the "LBR Funding", which comes from Page 2, 3,
10 4, and 5 of this package. And those are
11 based -- those are calculated based on the
12 annual savings achieved by each individual
13 utility.

14 So, you have "Total Additional Funding"
15 for energy efficiency and to recover the lost
16 revenue of 4.21 million for Eversource. And,
17 then, to the right of that you have the SBC
18 broken out by kind of the components. So, you
19 have the "EAP SBC", which --

20 *[Court reporter interruption.]*

21 A. (Goulding) So, you have the "EAP SBC", which
22 remains unchanged at 1.5 cent per kWh, and then
23 you have the new calculated "EE SBC", which is
24 going from 0.18 cents to 0.226, and then the

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1 "LBR SBC" would be 0.007 cents per kWh, for a
2 new total SBC of 0.383 cents per kWh, where the
3 current SBC is 0.333 cents per kWh.

4 And, then, the same thing happens for each
5 company below that. You have the savings --
6 contribution to savings, and the company
7 savings -- company savings as a percent of
8 statewide savings.

9 So, turning -- and, as you'll see, the
10 savings targets increase. You'll see the SBC
11 component increase to the first year the EE SBC
12 is 0.226, goes to 0.308 [0.309?], then to
13 0.425, and 0.609. And the EE portion of the
14 SBC is the same for all utilities in the state.

15 Turning to the second page of the
16 attachment, this is the calculation of the LBR,
17 or Lost -- excuse me, Lost Base Revenues or
18 Lost Revenue Adjustment Mechanism. It takes
19 the 2017 savings. You have it by residential
20 and by C&I as installed savings, and it
21 multiplies it by the average distribution rate,
22 which is the average distribution rate less
23 customer charge. So, customer charge revenues
24 are removed from the calculation of the average

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1 distribution rate, because the customer charge
2 is not directly impacted by energy efficiency.
3 You can reduce your consumption down to zero,
4 but you'll still get charged a monthly customer
5 charge. So, there's no need to recover that.

6 So, this does a calculation for the first,
7 2017, multiplies the savings for residential,
8 4. -- 4,807,000 kilowatt-hours, times the 4.043
9 cent rate, to give you \$164,000 of lost base
10 revenue for residential. There's a similar
11 calculation for C&I, using the C&I distribution
12 rate, to give you 358,000 of lost base revenue.
13 And, then, the sum is what -- the sum is what
14 will get recovered from customers, and that was
15 included in the LBR funding on Page 1.

16 CHAIRMAN HONIGBERG: Mr. Fossum, the
17 numbers that Mr. Goulding is saying, I think
18 he's referring to the upper left-hand box on
19 Page 2 of 10. But I see different numbers on
20 here, in Column D, than the numbers he just
21 said. I see "194,384" as the residential
22 number in Column D. Mr. Goulding, what number
23 did you say?

24 WITNESS GOULDING: I thought it was

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1 164. I apologize, I have a fuzzy version here.
2 It's not just my eyesight.

3 CHAIRMAN HONIGBERG: Oh. Okay. And,
4 then, the C&I number, what did you say for the
5 C&I number?

6 WITNESS GOULDING: I said "358", but
7 it could be 388.

8 CHAIRMAN HONIGBERG: All right. So,
9 I see 388. Maybe I have a better copy, but --

10 MR. FOSSUM: Do you need a better
11 copy?

12 (Atty. Fossum handing document to
13 Witness Goulding.)

14 WITNESS GOULDING: Yes. 20/20 right
15 now.

16 CHAIRMAN HONIGBERG: I know that I
17 had to take my glasses off to see them, so --

18 MR. FOSSUM: I have a fuzzy copy
19 also. So, I understand it. Hopefully, now --

20 **BY THE WITNESS:**

21 A. (Goulding) Okay. So, let me just go back then
22 to the top box, when we were talking about the
23 residential lost base revenue, it's 4,807,909
24 kilowatt-hours of savings, times the average

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1 residential distribution rate, result in a lost
2 base revenue recovery amount of residential
3 \$194,384. Then, the similar calculation is
4 done for 2017 for C&I, 15,225,000
5 kilowatt-hours of savings, times the average
6 C&I rate, result in lost base revenue recovery
7 of \$388,239. So, for a grand total of
8 \$582,622. And that number flows back to
9 Page 1, in the LBR column, it was basically the
10 second block to the -- on the left, which is
11 "LBR Funding", you'll see \$0.58 million, which
12 ties back to what's on this page. So, a
13 similar calculation is done for each utility.

14 And, then, going forward, the 2018
15 calculation would include all of the 2017
16 savings that were installed, plus the 2018
17 monthly as installed savings. So, it takes
18 into account the timing of when the measure is
19 installed. So, if a measure is installed in --
20 a savings measure is installed in December of
21 2018, you would get one-twelfth of the savings
22 in your lost revenue calculation, because those
23 are annual savings, and, obviously, if it goes
24 in in December, you wouldn't be -- your system

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1 would not be impacted by 12 months of lost
2 revenue just one month.

3 So, transitioning to the next page, this
4 is where it kind of addresses how the savings
5 are calculated that roll into Page 2. So, Line
6 3 has the total savings for Eversource, total
7 annual savings, that's Line 3, Column M,
8 50,503,248 kilowatt-hours of savings. That
9 will be the annual savings. And, then, below
10 that you'll see the -- on Line 7, Column N,
11 it's the "LBR Savings". And this is where
12 the -- this number is adjusted to take into
13 account an estimated monthly install pattern.
14 So, it would take into account when those
15 measures are installed, to give you a
16 representative, more accurate amount of LBR to
17 recover.

18 And, earlier, we were talking about the
19 110 percent saving or savings cap, I think that
20 was Section II.B. It says "In each calendar
21 year, for each utility, the savings for which
22 lost revenue may be recovered will be capped at
23 110 percent of planned annual savings." So,
24 this savings cap would apply to Column M, Line

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1 3, for 2017. So, for that year, we have
2 50,503,248 kilowatt-hours of annual savings.
3 If that went -- if that number increased by
4 10 percent above that, then anything above that
5 10 percent would be excluded from the LBR
6 calculation. And these numbers on this page
7 are -- annual savings numbers will be finalized
8 as part of the Core or part of the planning
9 process in 2017 and '18, and that's where the
10 cap would apply to them.

11 And, then, for 2016, the 110 percent
12 would apply to the value in Line 10, Column M;
13 2019, Line 17, Column M; and 2020, Line 24,
14 Column M.

15 And getting back to the -- kind of the --
16 talking about the monthly as installed and how
17 it adds in the annual savings. If you look at
18 Line 14, Column N, what that line is is it's a
19 sum of the annual savings in Line 3, Column M,
20 plus the monthly as installed savings on Line
21 14, Column M, to give you a total of 77,371,032
22 kilowatt-hours.

23 So, Page 4, 5, and 6 are the similar
24 calculations just done for Liberty and Unitil.

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1 There's none provided for the Co-op, because
2 the Co-op doesn't -- isn't seeking lost revenue
3 recovery.

4 So, turning to Page 6, that's the bill
5 impacts of changes in the System Benefits
6 Charge. So, utilizing rates effective January
7 1st, 2016 as the base point, you have the
8 current SBC of 3 -- of \$0.0033 per kWh. So,
9 the current customer, residential customer
10 using 625 kilowatt-hours would pay \$115.79, and
11 the General Service Rate G, three-phase,
12 40 kWh [kW?], 110,000 kWh per month currently
13 pays \$1,702.62. So, using the estimates in
14 this attachment, 2017, the SBC rate would
15 change from 0.00330 to 0.00383. So, the
16 residential customer's monthly bill would go
17 from \$115.79 to \$116.12, which is an increase
18 of 0.33 cents per month, or 0.3 percent as a --
19 0.3 percent as a percent.

20 BY MR. FOSSUM:

21 Q. And, just to stop very quickly, going back to
22 the residential rate, you said that would it
23 change it "0.33 cents per month", is that --

24 A. (Goulding) Excuse me. Thirty-three (33) cents.

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1 Q. Thank you.

2 A. (Goulding) \$0.33 per month. And, for a General
3 Service Rate G, three-phase, that rate change
4 would result in their bill going from \$1,702.62
5 to \$1,707.96, which is an increase of \$5.34, as
6 a percent of their bill it's a 0.3 percent
7 increase. And, then, this carries through,
8 picking up 2018, '19, and '20. It picks up the
9 estimated SBCs from Page 1. So, 2018, 0.00488
10 cents results in a residential bill of \$116.77,
11 which is an increase of 0.65 cents **[\$0.65?]**
12 over the current -- over the previous year's
13 bill, and a 0.6 percent increase in their bill.
14 The same thing for General Service, it goes up
15 \$10.41, which is an increase of 0.6 percent.
16 So, by the time I get to year '20, 2020, a
17 residential rate, from 2020 to 2019 is a 1.2
18 percent increase, and General Service Rate G is
19 a 1.3 percent.

20 So, for the cumulative change in Column
21 -- on the far right column, the residential
22 rate would see a \$3.25 increase in their bill
23 and a General Service Rate G would see a \$51.97
24 increase, that was a cumulative bill increase,

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1 for a cumulative bill increase percent of
2 2.8 percent and 3.1 percent over the current
3 levels.

4 And, following that, on Page 7 and 8 and
5 9, those are bill impacts, the similar bill
6 impacts doing the same calculations, utilizing
7 their rates and billing assumptions for
8 Liberty, Unitil and the Co-op.

9 Then, the last page is Page 10, which is
10 just all of the underlying assumptions that
11 were built into this attachment, which was
12 mainly the -- that the cost achieved was based
13 on a 2016 plan, inflation was assumed at two
14 and a half percent for costs to achieve, and
15 that the Performance Incentive Target was
16 5.5 percent, and the Savings Targets, by year,
17 are 0.6 percent, 0.8 percent, 1.0 percent, and
18 1.3 percent. So, it's just more information in
19 there.

20 Q. In the earlier discussion relative to
21 Section II.B, there was a reference -- there's
22 a reference in that section to "Savings
23 associated with expired measures being removed
24 from the calculation". Could you explain how

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1 that is shown, or not, on this, in these
2 attachments?

3 A. (Goulding) Okay. It would show up on Page 3,
4 but it's not identified here. So, if there was
5 a measure that was installed in 2017, and it
6 had a two-year life, so, at the end of year
7 three, so, in 2019, you would see those savings
8 being removed from the savings calculation.
9 So, they would be moved from the LBR -- would
10 be removed from the LBR calculation.

11 Q. One other question referring back to what is in
12 Section II.B of the Settlement, it discusses
13 that the rate would be -- oh, here it is, I'm
14 sorry -- "each utility's lost revenue would be
15 reset at each utility's next rate case". Could
16 you explain how that would -- how that would be
17 implemented and what that might mean for these
18 attachments?

19 A. (Goulding) Sure. So, when a utility goes into
20 a rate case, they have -- or, files their next
21 rate case, they would have their test year and
22 their test year savings, which would develop
23 their new rates. So, when those new rates are
24 developed, they no longer have to recover lost

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1 revenue associated with measures prior to their
2 test year, because those -- the accounting for
3 those savings would have been included in their
4 new saving -- new sales usage that they're
5 going to be using to develop their new rates.

6 Q. I guess I have one other policy question, well,
7 it's more policy-related. In Section II.B it
8 discusses that the "lost revenues [are] not to
9 be considered a cost of the Core Programs...or
10 of the EERS". Could you explain the
11 significance of that relative to what is shown
12 in these attachments?

13 A. (Goulding) Sure. So, I think it has to do --
14 well, I know it has to do with the benefit/cost
15 ratios. So, I think, if you look around this
16 country, the decoupling or lost revenues are
17 not included in the benefit/cost ratios. So,
18 this is consistent with how it's handled
19 throughout other -- throughout the states.

20 Q. And just to continue moving through the
21 attachments, I'll come back, I would turn then
22 to Ms. Tebbetts. And, if she could walk
23 through what begins on Bates Page 27, relative
24 to the gas companies, and attachments there and

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1 what they show?

2 A. (Tebbetts) Yes. So, for the gas utilities,
3 EnergyNorth and Northern, we put together our
4 funding and bill impacts also. Much of the
5 document is the same, and, so, unless you
6 really want me to, I won't go through every
7 single page, but I'll identify the pages and we
8 can talk about the differences at least.

9 So, for Page 1, we've provided our funding
10 and bill impacts. And, in this page, you'll
11 see the current LDAC rate for each sector, on
12 the gas side, our funding comes in two pieces.
13 So, one of it is the LDAC, for residential
14 customers, they pay a different energy
15 efficiency rate, than the LDAC for C&I
16 customers, they also pay a different energy
17 efficiency rate under the LDAC.

18 We've provided here the addition of the
19 LDAC funding, and then we also included the
20 lost base revenue rate that is calculated in
21 the upcoming pages we can talk about. You'll
22 see our total funding rate actually starts for
23 each utility, Liberty, our current funding rate
24 for energy efficiency is shown in the "Total

[WITNESSES: Tebbetts~Goulding~Loiter]

1 LDAC Rate" column at 5.85 cents. Where
2 Northern, the same thing, they start theirs at
3 2.97 cents. And we have the same column in the
4 C&I class. So, 2.56 cents for Liberty and 1.46
5 cents for Northern.

6 So, then we just -- we took that
7 information provided in this calculation, added
8 in the LBR that we've calculated in the coming
9 pages, to get a total bill just for the LDAC.
10 We didn't do a comparison of the total bill
11 impact. Gas and electric are different in the
12 sense that we have, you know, winter heating
13 and summer, obviously, gas usage is very low.
14 And, so, what we try to do is use -- we try to
15 illustrate what the LDAC changes would be on
16 us.

17 And, so, you can see that the average
18 monthly impact, for both companies here, for
19 the first year, would be 38 cents, and for --
20 for Liberty, and, for Northern, it would be 33
21 cents on the residential side. For the C&I
22 class of customers, we used Liberty's annual
23 C&I usage of 8,773 therms. And you can see
24 that the first year's monthly impact would be

[WITNESSES: Tebbetts~Goulding~Loiter]

1 \$2.22, and, for Northern, that would be 96
2 cents.

3 Moving onto Page 2, this is our funding
4 summary. So, what we did is we provided a
5 breakdown of the funding that we would need to
6 meet the savings goals, which are on Page 3.
7 And much of this is the same as what Mr.
8 Goulding just provided on the electric side.
9 We just, obviously, had to break it down for
10 the therms between residential and C&I. And,
11 then, you can also see that we have provided
12 what our utility sales were for 2014, because
13 that, in the order of notice, was where we had
14 our starting point to calculate future savings.

15 On Page 3, we've provided our savings
16 summary between the two companies to meet the
17 goals noted in the Settlement Agreement. So,
18 you can see, for 2017, the MMBtu sales for
19 Liberty and Northern, that come up to
20 23.3 million. You can see that we achieve a
21 0.66 percent savings, and the breakdown between
22 each company. And, then, what you see in the
23 subsequent years of 0.7, 0.75, and 0.8 of
24 savings each year, through 2020.

[WITNESSES: Tebbetts~Goulding~Loiter]

1 On Page 4, we've also provided the same
2 breakdown of our lost base revenue
3 calculations. You can see, for Liberty and for
4 Northern, these calculations are based on
5 current distribution rates for each company.
6 And, again, they're different for residential
7 and C&I. So, we have taken our total therm
8 savings, which are calculated in the next page
9 for Liberty, and then the page after for
10 Northern. Multiplied it times our current
11 distribution rate, which is based on our last
12 test year, in our last rate case -- actually, I
13 should say "in our last rate case". And, then,
14 you'll see a total lost base revenue for each
15 year for each company.

16 On Page 5, it's the same example
17 Mr. Goulding provided for the other companies.
18 Page 5 is Liberty's and Page 6 is for Northern.
19 And you can see that this provides a savings
20 breakdown of installed measures also. The 110
21 percent cap would also apply to these numbers,
22 if we were to go up to, on the first column, M,
23 Line 3 that total, if that number were
24 10 percent higher than or greater than

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[WITNESSES: Tebbetts~Goulding~Loiter]

1 10 percent, 110 percent, then we would not
2 include those savings in our lost base revenue
3 calculation. And it goes through 2020 on this
4 page also.

5 Page 6 is the same example, but for
6 Northern.

7 And Page 7 is akin to the Page 10, I
8 believe it's Page 10, in the Electric
9 Attachment B -- Attachment A. The difference
10 is, we don't have RGGI or Forward Capacity
11 Market funding. So, those pieces are certainly
12 not in here. But the PI, the inflation, those
13 numbers are the same that we used on the
14 electric side, which correspond also to the
15 different savings targets we have on the gas
16 side.

17 Q. Thank you. And, I guess, for both utility
18 witnesses, is it your position that the numbers
19 that are represented and shown throughout
20 Attachments A and B represent, in your opinion,
21 reasonable estimates of the costs to achieve
22 the savings targets that are outlined in the
23 Settlement Agreement?

24 A. (Tebbetts) Yes.

[WITNESSES: Tebbetts~Goulding~Loiter]

1 A. (Goulding) Yes.

2 Q. And, keeping in mind that these are estimates,
3 is it your opinion that the numbers that are
4 shown here, the resulting rates would be just
5 and reasonable and appropriate?

6 A. (Tebbetts) Yes.

7 A. (Goulding) yes.

8 MR. FOSSUM: Thank you. That's all I
9 have.

10 CHAIRMAN HONIGBERG: Does anyone, any
11 other counsel have questions for the panel?

12 Ms. Hatfield.

13 MS. HATFIELD: Thank you, Mr.
14 Chairman.

15 **CROSS-EXAMINATION**

16 BY MS. HATFIELD:

17 Q. Mr. Loiter, you might recall there was just
18 testimony about the fact that those attachments
19 are "estimated costs", do you recall that?

20 A. (Loiter) Yes, I do.

21 Q. And, actually, in the Settlement Agreement,
22 there are several places where the costs are
23 referred to as "estimates". Is that your
24 understanding?

[WITNESSES: Tebbetts~Goulding~Loiter]

1 A. (Loiter) In the Settlement Agreement, yes.

2 Q. And do you also recall in the Settlement
3 Agreement there is some discussion about
4 planning both for the 2017 extension, as well
5 as for the first triennium that will take
6 place?

7 A. (Loiter) Yes.

8 Q. And could you talk a little bit about the kinds
9 of things that the Parties might look at to
10 firm up those costs, so that we have sort of a
11 final set of costs for the Commission's
12 approval for both of those periods, both for
13 2017 and then for the triennium?

14 A. (Loiter) Sure. I mean, I think it will be
15 appropriate to look at a few metrics regarding
16 these costs and compare them both in time and
17 in -- and geography. So, to be more specific,
18 the cost per annual unit of energy saved is a
19 common metric that we look at in energy
20 efficiency. And that would be appropriate to
21 compare with the previous costs that the
22 Utilities have been able to reach savings at,
23 that is "what have their historic costs been to
24 save a unit of energy?" It would be

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1 appropriate to look at that same cost in other
2 jurisdictions nearby, particularly the other
3 operating companies for several of the
4 Utilities. Of course, taking into account, you
5 know, geographic differences or differences in,
6 you know, aspects of those delivery areas.

7 I think it's going to be important to
8 consider changes in the efficiency market and
9 the technologies and the cost of those
10 technologies going forward, as well as changes
11 in standards. So, there will be a number of
12 factors, I think, that the stakeholders as a
13 whole will need to factor into, you know,
14 developing a set of costs that everybody agrees
15 on.

16 Q. Thank you. And those final numbers would go
17 before the Commission for their approval,
18 correct?

19 A. (Loiter) That's my understanding, yes.

20 Q. Thank you. Mr. Goulding, do you recall
21 Commissioner Bailey's question about how --
22 "how do we know that efficiency is cheaper than
23 supply?"

24 A. (Goulding) Yes, I do.

[WITNESSES: Tebbetts~Goulding~Loiter]

1 Q. And do you recall that back in the plan that
2 the Utilities filed for 2015-2016, in Docket DE
3 14-216, the Utilities provided cost numbers for
4 a lifetime kilowatt-hour of energy efficiency?

5 A. (Goulding) Yes I do.

6 Q. And do you recall that at that time the
7 Utilities estimated that the overall cost per
8 kilowatt-hour -- per lifetime kilowatt-hour was
9 about 3.8 cents?

10 A. (Goulding) That sounds about right.

11 Q. And that we should compare that with the
12 statewide average retail costs of supplying
13 electricity to a customer is about 15.3 cents
14 per kilowatt-hour?

15 A. (Goulding) Yes.

16 MS. HATFIELD: Thank you. I have
17 nothing further.

18 CHAIRMAN HONIGBERG: Any other
19 questions for the panel?

20 *[No verbal response.]*

21 CHAIRMAN HONIGBERG: Commissioner
22 Scott.

23 COMMISSIONER SCOTT: Thank you. And
24 good afternoon.

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[WITNESSES: Tebbetts~Goulding~Loiter]

1 WITNESS GOULDING: Good afternoon.

2 COMMISSIONER SCOTT: The same caveat
3 as I always ask, whoever would like to talk,
4 please do so.

5 BY COMMISSIONER SCOTT:

6 Q. But this first question is really geared I
7 think more for the Utilities. Assuming the
8 Settlement's approved and then plans are
9 developed sequentially after that, I was
10 curious, do you have plans to -- and I'll back
11 up. Usually, when there's any kind of a rate
12 increase, I usually ask the utilities, you
13 know, "how are you going to tell your customers
14 this?" You know, "are you doing bill inserts,
15 etcetera?" This is a little bit different.
16 So, I was curious if you envision some kind of
17 plan for outreach to help educate. I think
18 earlier, before the break, the Chair was
19 suggesting that there's some stakeholders who
20 don't have a seat at the table here, they have
21 a voice, including at the Legislature. I was
22 curious, do you have a plan to ensure that
23 we're, you know, letting the customers know of
24 the changes coming?

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[WITNESSES: Tebbetts~Goulding~Loiter]

1 A. (Goulding) Consistent with probably all of our
2 rate changes, we usually work or release --
3 have a press release to work -- to discuss the
4 different changes and kind of what's driving
5 those changes. So, I'm sure -- I'm assuming
6 that a similar type message would go out. In
7 addition, I'm sure there will be -- I've seen a
8 bunch of memos -- or, publications recently
9 talking about the performance of energy
10 efficiency of the different groups in New
11 Hampshire, Connecticut, and Massachusetts, and
12 the benefit that those programs have been
13 bringing to the region, via reduced power
14 costs, reduced consumption and so forth. So,
15 I'm assuming that there will be a similar type
16 message that's pulled together to go along with
17 the increase in the rate due to the expansion
18 of the -- well, the continuing of the Core
19 Program and expansion of energy efficiency in
20 2018, '19 and '20.

21 Q. Thank you. I note that the Systems Benefit
22 Charge hasn't been increased since 2001, which
23 is more than a few years. I was curious,
24 generally, am I correct that the amount of

[WITNESSES: Tebbetts~Goulding~Loiter]

1 usage since then has dropped, is that a fair
2 statement? The average usage for different
3 customer classes, is that a fair statement?

4 A. (Goulding) I'm not -- I'm not sure if the
5 average usage had dropped. I thought at one
6 point it might have been 500 kWh per customer,
7 and I think now it's 625. But I'm not sure of
8 the time frames.

9 Q. I think you're right. In fact, we used to use,
10 I think, 550 as the average, and we've since
11 had to revise that multiple times, correct.
12 So, similarly, I was curious if you had an idea
13 of the Consumer Price Index, how much does
14 money buy since 2001? I mean, that's gone up.
15 I think that's a correct statement.

16 A. (Goulding) Right. I'm not sure if you can
17 still get the same. If the sales increasing,
18 so the total SBC funding is getting you the
19 same value it got you back when the SBC was
20 first implemented. Unfortunately, I'm not --
21 I'm not aware, I'm not familiar with what the
22 actual inflation number has been and the
23 correlation to a sales increase is.

24 COMMISSIONER SCOTT: That's all I

[WITNESSES: Tebbetts~Goulding~Loiter]

1 have.

2 CHAIRMAN HONIGBERG: Commissioner
3 Bailey.

4 COMMISSIONER BAILEY: Thank you.

5 BY COMMISSIONER BAILEY:

6 Q. Just following up on Director Hatfield's
7 questions. Can you explain to me what a
8 "lifetime cost of a kilowatt-hour" is?

9 A. (Goulding) So, there's annual savings
10 associated with the measures installed, and
11 then there's also lifetime savings. So, some
12 measures last -- their savings last five years,
13 some ten years, some 25 years. I think, on
14 average, the savings last about 15 years, 14 or
15 15 years. So, in terms of their benefit -- or,
16 the benefit calculation, they assume that
17 the -- they come up with the lifetime savings
18 for every measure and the cost to implement
19 that measure. And I believe they divide the
20 cost for the measure installed by the lifetime
21 savings to come up with a annual savings for
22 each measure installed, and that would be 3.8
23 cents per kWh.

24 Q. And, just out of curiosity, does it include

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[WITNESSES: Tebbetts~Goulding~Loiter]

1 things like the local -- I mean, the LRAM, the
2 Lost Revenue Adjustment Mechanism cost?

3 A. (Goulding) I don't believe it does. I think it
4 includes, I'd say, program costs, customer
5 costs, and then incentive. So, it's the total
6 cost to implement the energy efficiency
7 measure, but it would not include lost -- the
8 LRAM cost.

9 Q. Okay. When you walked us through the bill
10 impacts, Ms. Tebbetts and Mr. Goulding, did you
11 make any assumptions about the cost of energy
12 being reduced as a result of energy efficiency
13 in the overall impact of the bill or was this
14 just based on how the bill is going to
15 increase?

16 A. (Goulding) It's just -- it's moving that one
17 rate, the SBC, or increasing that one rate, and
18 holding everything else constant. So, there
19 was no assumptions for what would happen to
20 energy supply charge, what would happen to
21 transmission charges or anything like that.

22 Q. I know it's really hard to guess what's going
23 to happen in the future, because there's a lot
24 of moving parts. But would you expect the

[WITNESSES: Tebbetts~Goulding~Loiter]

1 price of energy to decrease as a result of
2 energy efficiency, if you hold commodity price
3 equal, you know, all the other things equal?

4 A. (Goulding) I believe, in theory, that's
5 accurate. All else being held equal, the
6 current weather conditions, and nothing
7 changes, you do one scenario versus another,
8 the energy price would go down, because you
9 would be displacing that highest or last-in
10 generator, which would be the highest cost.

11 Q. So, all else being equal, you would expect the
12 bills, as a result of these programs, to
13 decrease rather than increase?

14 A. (Goulding) Yes.

15 COMMISSIONER BAILEY: Okay. Thank
16 you.

17 CHAIRMAN HONIGBERG: I have no
18 questions for the panel. Is there any
19 follow-up Mr. Fossum?

20 MR. FOSSUM: No. Thank you.

21 CHAIRMAN HONIGBERG: Anyone have
22 anything else for this panel?

23 MS. PATTERSON: No thank you.

24 CHAIRMAN HONIGBERG: All right. You

1 gentlemen and lady can return to your seats.

2 WITNESS LOITER: Thank you.

3 CHAIRMAN HONIGBERG: So, the Parties
4 have stipulated that the exhibits are full
5 exhibits. So, we don't need to do anything
6 there.

7 What else do we need to do
8 before we wrap up? Certainly, people are
9 welcome to make brief summary comments. But,
10 if everyone does that, it could take a while.
11 So, I know Mr. Kreis wants to say something.

12 Is there anything else we need
13 to do before people have an opportunity to sum
14 up? I think I do have a couple of questions
15 for counsel, for the lawyers in the room, to
16 provide some insight for me. I know that
17 Mr. Stachow made mention of the provision of HB
18 2 that, I'm not going to quote it, because I
19 don't have it in front of me, but it has caused
20 some shift in timing from what I think Staff
21 anticipated. Are the lawyers comfortable that
22 the plan, if implemented, complies with state
23 law?

24 Mr. Fossum, you can go first.

1 You look like you're ready.

2 MR. FOSSUM: The short answer is
3 "yes". I don't know that it's the case that HB
4 2 was the cause of any delay. But, to the
5 extent that HB 2 has any potential impact on
6 what we've done here today, that impact, as far
7 as I understand the law, terminates in the
8 middle of 2017, prior to what the Settling
9 Parties have agreed is the implementation date
10 of an EERS.

11 Personally, I do not see a
12 conflict with HB 2.

13 CHAIRMAN HONIGBERG: Any other
14 counsel want to weigh in on this?

15 Ms. Patterson.

16 MS. PATTERSON: Thank you. I would
17 just like to note that HB 2 did not prohibit
18 the Commission from implementing an EERS. What
19 HB 2 did was require the Commission to get
20 permission from Fiscal, the Fiscal Committee,
21 in order to spend money on implementation.

22 So, I just wanted to make that
23 clear for the record.

24 CHAIRMAN HONIGBERG: Anyone else want

1 to comment on compliance with state law?

2 Ms. Hatfield.

3 MS. HATFIELD: Thank you, Mr.
4 Chairman. It's OEP's view that we are
5 completely consistent with state law. And I
6 would agree with Mr. Fossum's comments and
7 Attorney Patterson's.

8 CHAIRMAN HONIGBERG: I have a
9 question for Attorney Backus, who is here
10 representing himself. That's right?

11 REP. BACKUS: That's right, Mr.
12 Chairman.

13 CHAIRMAN HONIGBERG: You are not a
14 signatory to the Agreement. Can I get your
15 position on the Settlement, since you are an
16 intervenor here?

17 REP. BACKUS: Well, thank you, Mr.
18 Chairman and members of the Commission. I
19 enthusiastically support the adoption of this
20 Settlement. I have not been active
21 particularly, but I have reviewed the
22 Settlement. And I've discussed it with Dr.
23 Martin Kushler, who's, I think, a fine expert
24 on this. And we think this is -- he thinks,

1 and I agree with him, this is a very
2 significant step forward. And I want to thank
3 the Parties for their efforts to come together
4 and move New Hampshire down the road on this
5 very important goal of meeting our number one
6 priority under the Energy Strategy, all
7 effective energy efficiency should be obtained
8 in the State of New Hampshire for the benefit
9 of our citizens.

10 And I want everybody to know
11 that, to the extent I can, I will pledge to see
12 that this Settlement Agreement not only is
13 consistent with state law, and I agree with the
14 attorneys that have spoken that it is, but that
15 it continues to be, and that steps be taken to
16 protect the funding necessary to achieve these
17 savings.

18 So, thank you very much for
19 calling on me, Mr. Chairman.

20 CHAIRMAN HONIGBERG: I was tempted to
21 ask you if you had any predictions as to what
22 the reaction will be among your fellow
23 representatives, but I think I'll refrain from
24 asking that question.

1 REP. BACKUS: It will be a different
2 group of colleagues, of course, after the
3 election this year, let's keep that in mind, at
4 least some ways.

5 CHAIRMAN HONIGBERG: It's amazing how
6 quickly an amendment to an existing bill can be
7 drafted, however, as we saw a year ago in
8 connection with this same subject matter.

9 Is there any other -- any other
10 items you all want to talk about or that the
11 Commissioners want to talk about, before we
12 allow the Parties to sum up, to the extent they
13 would like to do so?

14 *[No verbal response.]*

15 CHAIRMAN HONIGBERG: All right.
16 Seeing none. I mean, I could go in order,
17 going around the map. But, just by show of
18 hands, who wants to add comments here at the
19 end, just raise your hand?

20 *[Show of hands.]*

21 CHAIRMAN HONIGBERG: All right. So,
22 there's only a handful. Mr. Fossum, why don't
23 you go first.

24 MR. FOSSUM: I just wanted to very

1 briefly say that this has been a remarkable
2 process. It's been very lengthy. And, as the
3 Settlement bears out, it's involved countless
4 hours of work and input by a tremendous number
5 of people, who were all focused on a goal that
6 we universally agree should be achieved. And
7 we've reached what I think is a reasonable
8 Settlement to move this issue forward
9 expeditiously.

10 And I would simply just to get
11 on the record that I believe it is a just and
12 reasonable Settlement, and I would request the
13 Commission approve it as it stands.

14 That's all.

15 CHAIRMAN HONIGBERG: I saw
16 Mr. Labbe's hand.

17 MR. LABBE: Do I need to find a
18 microphone?

19 CHAIRMAN HONIGBERG: It would be
20 helpful.

21 MR. LABBE: Good afternoon,
22 Commissioners. Just real briefly, I wanted to
23 let the Commission know that The Way Home does
24 support this Agreement as a just and reasonable

1 framework for implementing an Energy Efficiency
2 Resource Standard. Of particular note to The
3 Way Home is that implementation of this
4 proposal would result in meaningful
5 improvements to the lives of thousands of low
6 income families in New Hampshire.

7 It changes the paradigm for low
8 income families in two ways. One, it increases
9 the total percentage to 17 percent. And, two,
10 it increases the total pool of funding.

11 So, you know, taking all these
12 percentages and rate impacts aside, just
13 looking at the actual number of homes that will
14 be helped, a conservative estimate is 300
15 additional homes will receive weatherization
16 services in the first year. And, an additional
17 300, if not more -- more homes will be served
18 each year as a result of this EERS at least
19 through 2020. What that means is, 3,000
20 additional homes, that would otherwise be
21 sitting on the waiting list, will receive these
22 home weatherization services, save hundreds of
23 dollars a year on their energy bills, have
24 health and safety improvements that will

1 enhance their ability to, you know, be punctual
2 at work and go to school, and medical --
3 medical bill savings.

4 So, I would just like the
5 Commission to take into account that, you know,
6 a total 6,000 additional families will receive
7 these important services. And all these
8 families will have a reduced need for other
9 subsidies as a result of this. So, it's kind
10 of an anti -- it's not totally socialism in my
11 mind. In some ways, it reduces the need for
12 other types of subsidies.

13 So, I do think this is a very
14 important program in our state, and this
15 Settlement Agreement just enhances that.

16 So, thank you.

17 CHAIRMAN HONIGBERG: All right. Who
18 else? Did I see Ms. Hatfield?

19 MS. HATFIELD: Thank you, Mr.
20 Chairman. As you said in your opening
21 statement at the beginning of this hearing,
22 this is a very significant chapter in what's
23 been a very long story. And, just to give you
24 a little bit of history, I feel like we really

1 started talking about achieving more
2 cost-effective efficiency in New Hampshire back
3 in 2009, when the Commission commissioned a
4 study that was performed by GDS Associates
5 looking at the energy efficiency potential for
6 the State of New Hampshire. And, at that time,
7 we identified that we were leaving a lot of
8 cost-effective savings on the table.

9 That was followed by many other
10 studies that are talked about in different
11 parties' testimony, including an independent
12 energy study in 2012 that was undertaken by the
13 EESE Board that recommended implementing an
14 EERS. Followed by another study that OEP did
15 that the EIC assisted with, called "Realizing
16 our Potential", also calling for us to
17 implement an EERS. And, then, as has been
18 discussed, Staff undertook developing a Straw
19 Proposal. So, it's been quite a road, a lot of
20 work from a lot of parties.

21 And I just wanted to touch on a
22 couple of highlights. One, I wanted to thank
23 Acadia, NHSEA, the Jordan Institute, and others
24 for participating, because I really think that

1 they brought a lot to the table, and helped to
2 educate many of us who may have been working on
3 these issues for a lot of years, but having
4 them at the table, and especially having Mr.
5 Loiter's expertise, really was a huge help to
6 moving this docket.

7 To touch again on Commissioner
8 Bailey's great question, cost-effective energy
9 efficiency, by definition, by the test that you
10 require the programs to pass, means that it's
11 cheaper than supply. It is the cheapest,
12 cleanest resource. And I think implementing
13 the EERS is consistent with the Least Cost
14 Energy Planning statute and what is codified as
15 New Hampshire Energy Policy at RSA 378:37,
16 which says "The general court declares that it
17 shall be the energy policy of this state to
18 meet the energy needs of the citizens and
19 businesses of the state at the lowest
20 reasonable cost while providing for the
21 reliability and diversity of energy sources; to
22 maximize the use of cost-effective energy
23 efficiency and other demand side resources; and
24 to protect the safety and health of the

1 citizens, the physical environment of the
2 state, and the future supplies of resources,
3 with consideration of the financial stability
4 of the state's utilities."

5 So, in sum, I think that it was
6 a great day when we reached a settlement. And
7 we hope that you will approve it, so we can
8 move forward.

9 Thank you.

10 CHAIRMAN HONIGBERG: Mr. Rooney, you
11 wanted to speak?

12 MR. ROONEY: Yes. Thank you. Can I
13 borrow your microphone? Thank you, Chairman.
14 I just wanted to say that I appreciated
15 being -- opportunity to be a party to this
16 important docket, and that I support the
17 Settlement Agreement.

18 I believe the establishment of
19 the EERS with aggressive energy saving mandates
20 will be a dominant policy driver for increased
21 investments in energy efficiency in New
22 Hampshire. This Settlement provides an
23 important and significant first step toward
24 that goal.

1 So, thank you very much.

2 CHAIRMAN HONIGBERG: What other hands
3 did I see? Mr. Clouthier.

4 MR. CLOUTHIER: Thank you. I just
5 wanted to take this opportunity to thank the
6 Chair of the Commission, and also echo the
7 comments about the thanks to everybody involved
8 in this process. This was a remarkable process
9 to get to this point.

10 We do believe that this is --
11 Southern New Hampshire Services does believe
12 that this is just and reasonable and in the
13 public interest, and therefore recommend the
14 Commission's approval of this Settlement.

15 And I just want to echo the
16 comments made about the -- you know, the
17 recognition to the low income population here
18 in New Hampshire, and that this a -- you know,
19 this really will have a significant impact on
20 that population.

21 So, thank you very much.

22 CHAIRMAN HONIGBERG: Ms. Ohler.

23 MS. OHLER: Thank you, Mr. Chairman.

24 I wanted to add one comment about the level of

1 funding and the outreach that has been talked
2 about. What would the utilities do if there is
3 outreach? How would they explain the cost
4 increases?

5 And, under the current funding,
6 many of the efficiency programs that the
7 utilities run out of money midyear, and they
8 have to shut them down or put people on wait
9 lists until they get to the next round of
10 funding. Under an EERS with more ambitious
11 goals and associated funding, they would be in
12 a position to really actively market this to
13 the broader sector -- to the broader group of
14 their customers, thus ensuring that there's
15 going to be more participation in this, and
16 that more customers are going to not only reap
17 the benefits of installing EE measures in their
18 own home and seeing the reduction on their bill
19 as a result of those measures, but also -- and
20 get those, as well as the broader benefits that
21 go to all customers, participants or not,
22 because of the reduced demand. So, I just
23 wanted to make that point.

24 And I also just wanted to say

1 that the energy use for electric generation and
2 building conditioning adds pollutants,
3 including sulphur compounds, oxides of
4 nitrogen, particulate matter, mercury to our
5 airshed, and also generate about one-third of
6 the state's greenhouse gas emissions that are
7 responsible for accelerating climate change.
8 Energy efficiency is a non-emitting resource,
9 and therefore a key strategy to combating that
10 air pollution issue.

11 DES supports the Settlement
12 Agreement because it represents a solid step
13 forward. It builds on the past success of the
14 Utilities in implementing efficiency measures
15 under the Core. It provides a mechanism by
16 which the Utilities are made whole for sales
17 lost due to investment in efficiency. It
18 provides for a cumulative three-year goal, thus
19 providing increased stability to the program as
20 compared to our annual Core Programs.

21 It provides increase resources
22 for our low income residents. It provides for
23 robust evaluation, monitoring and verification.
24 And, it provides, for the first time, the

1 resources necessary to retain independent
2 experts to assist all parties in the
3 comprehensive planning process, and to provide
4 input on the EM&V process.

5 And it's been said, I think, by
6 numerous people here, but having the experts at
7 the table during this whole process is what led
8 us to all reach an informed group settlement.
9 And I can't stress the importance of that
10 enough.

11 So, thank you very much.

12 CHAIRMAN HONIGBERG: Ms. Hawes, did I
13 see your hand?

14 MS. HAWES: Thank you. In closing, I
15 just wanted to quickly highlight a few numbers
16 on the importance of this to all of the
17 ratepayers. ISO-New England forecasts have
18 shown that efficiency procurement policies in
19 New Hampshire -- Massachusetts and Vermont have
20 allowed regulators to indefinitely defer more
21 than ten planned transmission upgrades, which
22 has saved an estimated \$416 million in
23 transmission costs for the region.

24 In addition, Acadia Center

1 looked at the price and demand benefits of
2 efficiency in ISO-New England. And it found,
3 in the Winter of 2014 alone, without efficiency
4 procurement, demand would have been
5 13.7 percent higher, wholesale electricity
6 prices 24 percent higher, and electricity costs
7 1.46 billion higher.

8 This proposed EERS represents
9 what we believe is a gradual and reasonable
10 ramp-up in efficiency procurement that should
11 allow New Hampshire to approach some of the
12 levels in other states over time.

13 In addition, we support this
14 proposal as a whole for the reasons that
15 Ms. Ohler has highlighted and I won't repeat.
16 We believe that this structure will ensure
17 long-term success. And we fully support the
18 proposal and recommend its adoption.

19 CHAIRMAN HONIGBERG: Who else was
20 there over there? Ms. Birchard, and then
21 Ms. Epsen.

22 MS. BIRCHARD: Thank you, Mr.
23 Chairman. Just briefly. Conservation Law
24 Foundation thanks the Commission for conducting

1 this important proceeding and supports the
2 Settlement Agreement presented today.

3 CLF believes that the Settlement
4 Agreement represents the good faith efforts of
5 the Parties to come together around an issue
6 that is critical for the state. Energy
7 efficiency, which as Director Hatfield pointed
8 out, is, by its nature, the cheapest and the
9 cleanest energy resource that we have available
10 to us.

11 The Conservation Law Foundation
12 looks forward to the meaningful benefits that
13 an Energy Efficiency Resource Standard can and
14 will bring to the citizens of the state. And
15 we welcome the opportunity to continue to work
16 with the Commission and with stakeholders to
17 realize those benefits, and also to make those
18 benefits known to the public.

19 Thank you very much.

20 CHAIRMAN HONIGBERG: Ms. Epsen,
21 followed by Ms. Richardson.

22 MS. EPSSEN: On behalf of all of
23 NHSEA, I want to thank the Commission and all
24 of the Parties in this dockets for coming

1 together and creating an EERS that really puts
2 New Hampshire on a path to pursue all
3 cost-effective efficiency and save all of our
4 ratepayers both money and energy.

5 We strongly support the
6 Settlement. It's a critical step toward
7 keeping New Hampshire economically competitive
8 in our region. And we look forward very much
9 to the comprehensive planning process that will
10 refine the costs and all of the other
11 parameters to achieve those robust savings
12 targets.

13 Thank you.

14 CHAIRMAN HONIGBERG: Ms. Richardson.

15 MS. RICHARDSON: Thank you, Mr.
16 Chairman and Commissioners. The Jordan
17 Institute supports the Settlement for the
18 Energy Efficiency Resource Standard proposal.
19 We appreciate and thank the diverse
20 stakeholders and Staff working to develop this
21 more aggressive energy efficiency program for
22 New Hampshire.

23 We are particularly pleased
24 about a number of components of this program.

1 First, we think the goals of the program for
2 savings over three years are reasonable,
3 achievable, and cost-effective. Second, we
4 fully support the expansion of funding that
5 will be directed to the low income program.
6 Third, we understand the need for both recovery
7 of lost revenue by the Utilities, and
8 appreciate the reduced amount of Performance
9 Incentive that they have agreed to receive
10 regarding this program.

11 We believe the path laid out in
12 the Settlement will prepare the Utilities for
13 longer term steps, such as full decoupling.

14 And, finally, we're delighted
15 about the programmatic expansion and
16 evaluation, monitoring, and verification of
17 programs and installed measures.

18 In total, we're very pleased
19 with the Settlement, and anticipate that this
20 proposed program will bring numerous benefits
21 to New Hampshire.

22 Thank you so much.

23 CHAIRMAN HONIGBERG: I intend to give
24 Mr. Kreis and Ms. Patterson the last two slots.

1 Is there anybody I missed or anybody else who
2 would like to speak?

3 *[No verbal response.]*

4 CHAIRMAN HONIGBERG: Mr. Kreis, you
5 may go ahead.

6 MR. KREIS: Thank you, Mr. Chairman.
7 I was going to remain silent, but I don't want
8 to disappoint you.

9 On behalf of residential utility
10 customers, the Office of the Consumer Advocate
11 believes that Commission approval of this
12 Settlement Agreement will be one of the most
13 important and progressive decisions the
14 Commission will have made since the advent of
15 restructuring back in 2001.

16 The arrival of an Energy
17 Efficiency Resource Standard is an important
18 leap forward for energy policy in New
19 Hampshire. We heard testimony today about 3.8
20 cents per kilowatt-hour. I heard a
21 presentation at the EESE Board, that's E-E-S-E,
22 that said "2.3 cents per kilowatt-hour". But,
23 at either of those figures, energy efficiency,
24 as others have said, is by far the cheapest

1 energy resource we can make available to
2 electricity consumers. And the next cheapest
3 sources all involve importing fuel of one kind
4 or another from elsewhere. Thus, energy
5 efficiency is both least cost and local,
6 without even getting into the avoided emissions
7 benefits.

8 It only makes sense, therefore,
9 to move to an EERS. All of the data I have
10 seen makes clear that states that succeed best
11 in energy efficiency are those that have set
12 firm savings goals in this fashion.

13 From the standpoint of my
14 office, a key element of this Settlement is the
15 Utilities' agreement to seek revenue decoupling
16 or some sort of other mechanism in the future
17 to replace the near-term approach of LRAM, the
18 Lost Revenue Adjustment Mechanism. The reality
19 is that LRAM is itself a form of decoupling,
20 it's just not symmetrical decoupling. The
21 Utilities get the lost revenue attributed to
22 energy efficiency gains, even if they're
23 recovering their full revenue requirement for
24 other reasons.

1 There is a danger that LRAM will
2 overwhelm program costs. That danger is
3 somewhat ameliorated by the provision on Page 5
4 of the Settlement Agreement that caps the
5 savings for which lost revenue can be recovered
6 at 110 percent of planned energy savings. The
7 hard stop for LRAM, at Page 6 of the Settlement
8 Agreement, addresses this concern effectively.

9 A broader effort to decouple
10 revenues from sales is good public policy, now
11 that we have crossed the threshold of sorts
12 with lost revenue adjustments. I know that
13 previous efforts to bring decoupling to New
14 Hampshire utilities have failed. But, if I
15 might speak personally, now that I'm the
16 Consumer Advocate, you can look to my Office to
17 be a proactive and flexible advocate for this
18 and other innovative approaches.

19 Assuming your approval of the
20 Settlement Agreement, and after a successful 14
21 years of the Core Energy Efficiency Programs,
22 we begin an important new era for energy
23 efficiency in New Hampshire. I know I can
24 count on my fellow signatories in joining with

1 the OCA in energetically explaining,
2 supporting, and advocating for our state's new
3 EERS, and with that achieving the Holy Grail of
4 all cost-effective energy efficiency.

5 Thank you.

6 CHAIRMAN HONIGBERG: Ms. Patterson.

7 MS. PATTERSON: Thank you. I thought
8 Donald was going to sing Kumbaya, but I guess
9 he's waiting for later.

10 Staff is very pleased to
11 recommend approval of the Settlement Agreement
12 that you have before you. The Order of Notice
13 asked the Parties to collaborate, and that is
14 what happened, countless hours of
15 collaboration. And I thank all the Parties for
16 their assistance and support during this
17 process.

18 The Commission has the authority
19 to approve a settlement agreement under RSA
20 541-A:31, Section V(a), and Puc 203.20,
21 Section (b), to do so when doing so is
22 consistent with applicable law and results in a
23 just and reasonable outcome that is consistent
24 with the public interest. In the past, the

1 Commission has found that, when a broad
2 spectrum of stakeholders has supported a
3 Settlement Agreement, that is indicative of
4 supporting or meeting that standard.

5 And, in terms of the applicable
6 law, the Commission has broad authority to
7 establish and oversee utilities' energy
8 efficiency activities, through its ratemaking
9 authority, the authority that's granted by the
10 Legislature to impose the SBC, and as well as
11 the Least Cost Planning Resource statute that
12 Attorney Hatfield mentioned earlier.

13 We thank you for your time.

14 And, that's all.

15 CHAIRMAN HONIGBERG: All right. If
16 there's nothing else, I think we want to
17 recognize all the hard work that went into
18 getting you to where you were today that you
19 could present this Settlement. Just working in
20 the building with some of the people who were
21 working with you on this, it was a tremendous
22 amount of work to get there. It was a
23 tremendous amount of work in the run-up. I
24 know how hard Mr. Stachow worked and how others

1 worked with him in crafting the Straw Proposal.
2 I think everyone here owes him and the other
3 members of Staff their gratitude for how much
4 effort they put into this.

5 We will take this under
6 advisement and issue an order as quickly as we
7 can. And, with that, we are adjourned.

8 ***(Whereupon the hearing was adjourned***
9 ***at 1:02 p.m.)***