

STATE OF NEW HAMPSHIRE**Inter-Department Communication****DATE:** June 26, 2018**AT (OFFICE):** NHPUC

FROM: James J. Cunningham, Jr.

SUBJECT: DE 18-074
Unitil On-Bill Financing Tariff

TO: Martin P. Honigberg, Kathryn M. Bailey, Michael S. Giaimo
Debra A. Howland, Executive Director

CC: Thomas C. Frantz, Director, Electric Division
Leszek Stachow, Assistant Director
Paul B. Dexter, Staff Attorney

On April 27, 2018, Unitil Energy Systems, Inc. (Unitil) filed for approval of a tariff change to allow higher loan cap for its on-bill, zero interest loans for its residential energy efficiency loan program (EELP). Unitil proposes to increase the existing loan cap from \$2,000 per loan, approved in Order No. 25,747, to \$4,000 per loan. Unitil also proposes to increase the maximum repayment term from 24 months to 48 months, with a maximum monthly payment of \$83.33 (\$4,000 / 48).

The proposed change is being requested in order to increase participation in the on-bill, zero interest loans. Initially, starting in 2010, the loan cap was \$7,500.¹ Unitil notes that, during the period from January 2014 to April 2016, there were 51 loans, with an average loan amount of \$3,520. Subsequently, however, for year 2015, New Hampshire electric utilities lowered the amount to \$2,000 so that they could conduct a two percent interest rate pilot and increase the availability of funds, whereby loans above \$2,000 were offered by third party lending institutions.² The third party pilot was a success and has turned into a permanent offering. However, the number of number of zero percent EELP loans decreased for Unitil. According to the testimony, the quantity of on-bill, zero interest loans issued from 2014 through 2017, were as follows: 35 loans in 2014, 12 loans in 2015, 6 loans in 2016 and 1 loan in 2017. Also, according to Mr. Palma's testimony, from May 2016 to the present, there were only five loans, with an average amount of \$1,647.

In order to boost the number of on-bill, zero interest loans, Unitil believes that a higher loan cap will provide customers with sufficient funds to make desired energy efficient improvements. Specifically, if the maximum loan amount is increased to \$4,000, the Company believes the number of on-bill, zero interest loans should rebound.

¹ This loan cap feature was part of a RGGI-funded grant to support zero interest loans for certain Core programs for electric utilities.

² Ref.: Docket No. DE 14-216, Order No. 25,747.

Based on the above, Staff supports Unitil's request to increase the loan cap for its on-bill, zero interest loans, from \$2,000 to \$4,000 for the residential energy efficiency loan program. Staff also supports the proposed increase in the maximum repayment term (i.e., from 24 months to 48 months). The increase in the loan amount is consistent with the average loan amount that participants have historically desired (i.e., \$3,520); while, the increase in the maximum loan term keeps the monthly on-bill payment unchanged, at \$83.33 per month.

Staff initially had a concern about the lack of uniformity (and potential customer confusion), given that the energy efficiency programs for New Hampshire electric utilities are designed to be state-wide programs for the most part. However, after discussion with NH utilities, and the parties, at our recent June 18, 2018 EERS/Core quarterly meeting, Staff's concerns were allayed. Specifically, we learned that NHEC is planning to move forward with an increase to its loan cap to \$4,000. Liberty sees no need to increase its cap, at this time, since its program is running well and is fully subscribed at the current loan cap of \$2,000; and, Eversource's programs is likewise running well, showing effective use of available funds – i.e., repayments on existing loans are sufficient to fund new loans.

With respect to the other parties and the Office of the Consumer Advocate, who were in attendance at the quarterly meeting, there was no opposition to Unitil's request.

Based on the above, Staff recommends that the Commission approve Unitil's request for an increase in the loan cap for its on-bill, zero interest loans, from \$2,000 to \$4,000 for the residential energy efficiency loan program. Staff also recommends that the Commission approve Unitil's proposed increase in the maximum repayment term, from 24 months to 48 months).

cc. Service List

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Executive.Director@puc.nh.gov

amanda.noonan@puc.nh.gov

donald.kreis@oca.nh.gov

epler@unitil.com

jay.dudley@puc.nh.gov

jim.cunningham@puc.nh.gov

leszek.stachow@puc.nh.gov

ocalitigation@oca.nh.gov

paul.dexter@puc.nh.gov

tom.frantz@puc.nh.gov

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DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

| | |
|----------------------------------|---|
| Executive.Director@puc.nh.gov | cdumit@solarcity.com |
| aboyd@acadiacenter.org | christian.brouillard@libertyutilities.com |
| alesko@preti.com | Christopher.aslin@doj.nh.gov |
| alexis.labrie@osi.nh.gov | christopher.gilrein@easycleanenergy.com |
| alexmarquez146@gmail.com | christopher.goulding@eversource.com |
| alinder@nhla.org | christopher.skoglund@des.nh.gov |
| allen.desbiens@eversource.com | clayaz23@gmail.com |
| amanda.noonan@puc.nh.gov | clifton.below@gmail.com |
| b.hayden@standardpower.com | crascher@sunrun.com |
| bargetsinger@keyesfox.com | cshute@vermontlaw.edu |
| becca.polisuk@sunrunhome.com | cynthia.trottier@libertyutilities.com |
| belder@eq-research.com | david.lepie@libertyutilities.com |
| besakkimuthu@daymarkea.com | david.shulock@puc.nh.gov |
| bking31415@gmail.com | david.wiesner@puc.nh.gov |
| bob.reals@libertyutilities.com | deandra.perruccio@puc.nh.gov |
| brian.buckley@oca.nh.gov | debski@unitil.com |
| brian.rice@eversource.com | dholt@consumerenergyalliance.org |
| brianna@nhsea.org | dlittell@raponline.org |
| bross@consumerenergyalliance.org | donald.kreis@oca.nh.gov |
| bwaugh@townandcitylaw.com | donoghue@norwichtech.com |
| callnanb@nhec.com | downesm@unitil.com |
| camerinos@nhec.com | eburgess@strategen.com |
| canderson@borregosolar.com | edvard.davis@eversource.com |
| carroll@unitil.com | emerson@primmer.com |
| catherine.marsellos@puc.nh.gov | |

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EXECUTIVE DIRECTOR
NHPUC
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- c) Serve a written copy on each person on the service list not able to receive electronic mail.

| | |
|---------------------------------------|--------------------------------------|
| ehawes@acadiacenter.org | karen.cramton@puc.nh.gov |
| eisfeller@unitil.com | karen.sinville@libertyutilities.com |
| elizabeth.nixon@puc.nh.gov | kat@solarendeavors.com |
| energyclinic@vermontlaw.edu | kate@nhsea.org |
| epler@unitil.com | katherine.peters@eversource.com |
| eric.stanley@libertyutilities.com | kim.quirk@gmail.com |
| f.anne.ross@puc.nh.gov | kkelly@daymarkea.com |
| fortunat@revisionenergy.com | kristi.davie@eversource.com |
| furino@unitil.com | kurt.demmer@puc.nh.gov |
| glenn@scenicnursery.net | lee.oxenham@leg.state.nh.us |
| greg@southpacksolar.com | leonardc@nashuanh.gov |
| harringt1@metrocast.net | leszek.stachow@puc.nh.gov |
| heather.tebbetts@libertyutilities.com | lgallant@preti.com |
| henry@nhsea.org | lhuber@strategen.com |
| jack@revisionenergy.com | marc.lemenager@eversource.com |
| jaimie@granitestatesolar.com | marc@neratepayers.org |
| james.brennan@oca.nh.gov | marge.shepardson@gmail.com |
| jameskw@nhbfa.com | matt@sunraiseinvestments.com |
| jared.chicoine@nh.gov | matthew.fossum@eversource.com |
| jarvis@unitil.com | maureen.karpf@libertyutilities.com |
| jbesser@necec.org | mbirchard@clf.org |
| jdickerson@necec.org | mconway@borregosolar.com |
| jeb.bradley@leg.state.nh.us | mdean@mdeanlaw.net |
| jim_obrien@tnc.org | melissa.price@eversource.com |
| jjazynka@energyfreedomcoalition.com | michael.sheehan@libertyutilities.com |
| jkennerly@seadvantage.com | michael.sisto@puc.nh.gov |
| jlu@daymarkea.com | michael.vose@leg.state.nh.us |
| joseph.doiron@nh.gov | mineaum@nashuanh.gov |
| jroberge@clf.org | mlebel@acadiacenter.org |
| jrodier@mbtu-co2.com | mloiacono@daymarkea.com |
| jvoyles@consumerenergyalliance.org | mulin@revisionenergy.com |
| kaminski@nhec.com | nathan@votesolar.org |

| | |
|-------------------------------------|------------------------------------|
| ocalitigation@oca.nh.gov | steven.mullen@libertyutilities.com |
| palma@unitil.com | stower@nhla.org |
| paula.maville@lebcity.com | tanya.wayland@puc.nh.gov |
| pbean@solarcity.com | taylorp@unitil.com |
| pbrown@preti.com | teamnh@energyservicesgroup.net |
| pchernick@resourceinsight.com | tirwin@clf.org |
| perrym@nashuanh.gov | tmichelman@seadvantage.com |
| pjaesd@comcast.net | tom.frantz@puc.nh.gov |
| pmartin2894@yahoo.com | treardon@rocnh.org |
| pradip.chattopadhyay@oca.nh.gov | wpratt@utilidata.com |
| ran@essexhydro.com | |
| rburke@nhla.org | |
| rebecca.ohler@des.nh.gov | |
| rhonda.bisson@eversource.com | |
| richard.chagnon@puc.nh.gov | |
| richard.labrecque@eversource.com | |
| rick.white@eversource.com | |
| robert.bersak@eversource.com | |
| robertbackus05@comcast.net | |
| samantha.a.baker@lmco.com | |
| sandra@plymouthenergy.org | |
| sarah.knowlton@libertyutilities.com | |
| sberman@daymarkea.com | |
| sfaryniarz@daymarkea.com | |
| simpsonc@unitil.com | |
| slamb@biaofnh.com | |
| smaslansky@nhcdfa.org | |
| sprague@unitil.com | |
| Stephen.Eckberg@puc.nh.gov | |
| Stephen.Hall@libertyutilities.com | |
| stettenheim@norwichtech.com | |
| steveh@revisionenergy.com | |