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STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

December 11, 2008 - 10:19 a.m.  
Concord, New Hampshire

NHPUC JAN02'09 PM 4:29

RE: DE 08-120  
CORE ENERGY EFFICIENCY PROGRAMS:  
CORE Energy Efficiency Programs for 2009  
Program Year.

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Graham J. Morrison  
Commissioner Clifton C. Below

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:  
Gerald M. Eaton, Esq.  
  
Reptg. N.H. Electric Cooperative, Inc.:  
Robert Dunn, Esq. (Devine, Millimet...)  
  
Reptg. Unutil Energy Systems, Inc.:  
Gary M. Epler, Esq.  
  
Reptg. National Grid:  
Steven V. Camerino, Esq. (McLane, Graf...)

COURT REPORTER: Steven E. Patnaude, LCR No. 52

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**APPEARANCES: (C o n t i n u e d)**

**Reptg. Community Action Programs:**

Dana Nute

**Reptg. The Way Home:**

Alan Linder, Esq. (N.H. Legal Assistance)

Daniel Feltes, Esq. (N.H. Legal Assistance)

**Reptg. the Jordan Institute, Inc.:**

D. Dickinson Henry, Jr.

**Reptg. Wal-Mart Stores East, L.P.:**

Karla J. Doukas, Esq. (Rubin & Rudman)

**Reptg. Home Builders & Remodelers**

**Association of New Hampshire:**

Kendall L. Buck

**Reptg. Office of Energy & Planning:**

Eric Steltzer

**Reptg. Dept. of Environmental Services:**

Joanne Morin

**Reptg. Residential Ratepayers:**

Meredith Hatfield, Esq., Consumer Advocate

Kenneth E. Traum, Asst. Consumer Advocate

Stephen Eckberg

Office of Consumer Advocate

**Reptg. PUC Staff:**

Suzanne G. Amidon, Esq.



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| 2           | Response to Data Request TWH-02,<br>Q-TWH-005 (11-17-08)   | 30       |
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**P R O C E E D I N G S**

1  
2 CHAIRMAN GETZ: Okay. Good morning,  
3 everyone. We'll open the hearing in docket DE 08-120. On  
4 October 7, 2008, National Grid, New Hampshire Electric  
5 Cooperative, Public Service Company of New Hampshire, and  
6 Unutil Energy Systems filed a joint proposal for Core  
7 Energy Efficiency Programs to be made available in 2009.  
8 An order of notice was issued on October 9 setting a  
9 prehearing conference that was held on October 24.  
10 Subsequently, a secretarial letter was issued noting that  
11 all pending Motions to Intervene were granted and setting  
12 a hearing on the merits for this morning.

13 So, let's take appearances at this time  
14 please.

15 MR. EATON: For Public Service Company  
16 of New Hampshire, my name is Gerald M. Eaton. Good  
17 morning.

18 CMSR. BELOW: Good morning.

19 CMSR. MORRISON: Good morning.

20 CHAIRMAN GETZ: Good morning.

21 MR. DUNN: Good morning, Commissioners.  
22 I'm Robert Dunn, of Devine, Millimet, on behalf of New  
23 Hampshire Electric Cooperative.

24 CHAIRMAN GETZ: Good morning.

1 CMSR. MORRISON: Good morning.

2 CMSR. BELOW: Good morning.

3 MR. EPLER: Good morning, Mr. Chairman  
4 and Commissioners. Gary Epler, on behalf of Unitil Energy  
5 Systems, Inc.

6 CHAIRMAN GETZ: Good morning.

7 CMSR. MORRISON: Good morning.

8 CMSR. BELOW: Good morning.

9 MR. CAMERINO: Good morning,  
10 Commissioners. Steve Camerino, from McLane, Graf,  
11 Raulerson & Middleton, on behalf of National Grid. And,  
12 with me at counsel table are Angela Li, Senior Analyst,  
13 and Bob O'Brien, Manager.

14 CHAIRMAN GETZ: Good morning.

15 CMSR. MORRISON: Good morning.

16 CMSR. BELOW: Good morning.

17 MS. DOUKAS: Good morning. Karla  
18 Doukas, of Rubin & Rudman, on behalf of Wal-Mart Stores  
19 East.

20 CHAIRMAN GETZ: Good morning.

21 CMSR. MORRISON: Good morning.

22 CMSR. BELOW: Good morning.

23 MR. STELTZER: Good morning. Eric  
24 Steltzer, on behalf of Office of Energy & Planning.

1 CHAIRMAN GETZ: Good morning.

2 CMSR. MORRISON: Good morning.

3 CMSR. BELOW: Good morning.

4 MR. BUCK: Good morning, Mr. Chairman  
5 and Commissioners. I'm Kendall Buck of the Home Builders  
6 and Remodelers Association of New Hampshire.

7 CMSR. BELOW: Good morning.

8 CHAIRMAN GETZ: Good morning.

9 CMSR. MORRISON: Good morning.

10 MR. NUTE: Good morning. Dana Nute,  
11 representing the Community Action Agencies.

12 CMSR. BELOW: Good morning.

13 CMSR. MORRISON: Good morning.

14 CHAIRMAN GETZ: Good morning.

15 MR. LINDER: Good morning. I'm Alan  
16 Linder, from New Hampshire Legal Assistance, representing  
17 The Way Home. And, with me at counsel table is Daniel  
18 Feltes from New Hampshire Legal Assistance.

19 CHAIRMAN GETZ: Good morning.

20 CMSR. MORRISON: Good morning.

21 CMSR. BELOW: Good morning.

22 MR. HENRY: Good morning, everyone. I'm  
23 Dick Henry, with the Jordan Institute.

24 CMSR. BELOW: Good morning.

1 CMSR. MORRISON: Good morning.

2 CHAIRMAN GETZ: Good morning.

3 MS. HATFIELD: Good morning,  
4 Commissioners. Meredith Hatfield, from the Office of  
5 Consumer Advocate, on behalf of residential ratepayers.  
6 And, with me is Ken Traum and Steve Eckberg, who will be a  
7 witness on the panel today.

8 CMSR. BELOW: Good morning.

9 CMSR. MORRISON: Good morning.

10 MS. AMIDON: Good morning. Suzanne  
11 Amidon, for Commission Staff. To my left is Tom Frantz,  
12 who is the Director of the Electric Division who will be  
13 testifying today, and to his left is Jon Osgood, Jim  
14 Cunningham, and Al-Azad Iqbal, who are utility analysts  
15 with the Electric Division who worked on this docket.

16 CHAIRMAN GETZ: Good morning.

17 CMSR. MORRISON: Good morning.

18 CMSR. BELOW: Good morning.

19 CHAIRMAN GETZ: So, we have a Settlement  
20 Agreement that was filed on the 10th. I take it there's a  
21 panel. Is there anything we need to address prior to  
22 hearing from the panel? We have a hand raised and a  
23 person standing.

24 MS. AMIDON: I'm sorry. I neglected to



1 say something, so I apologize to Attorney Eaton. I  
2 neglected to say that Joanne Morin is also a party to the  
3 Settlement, and she's not here yet. She may be here later  
4 this morning. In addition, after the Settlement Agreement  
5 was filed yesterday, Alan Linder called me and he agreed  
6 to sign onto the Settlement Agreement. So, what I have  
7 done is I have put together an original with signatures on  
8 the Settlement Agreement, which I'll file after the  
9 hearing today. And, I'll be sending hard copies to the  
10 parties that are present.

11 CHAIRMAN GETZ: Thank you. Mr. Eaton.

12 MR. EATON: Yes. This is the way we'd  
13 like to propose to the Commission that we would proceed  
14 this morning. We have a panel of Gilbert Gelineau from  
15 our company, Stephen Eckberg from the OCA, and Thomas  
16 Frantz from the Commission explain the Settlement and go  
17 through it all the way, and then have the parties and the  
18 Commission conduct examination of the issues surrounding  
19 the Settlement. Then, there are -- there's one unresolved  
20 issue that Public Service Company will put on some  
21 testimony regarding that, Mr. Gelineau will testify to  
22 that, on the issue of the Home Energy Solutions Fuel Blind  
23 Pilot Program. But we would excuse Mr. Eckberg and Mr.  
24 Frantz before Mr. Gelineau begins that testimony. So,

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 we'd split it up with the resolved issues first, and  
2 finish all those, and then go onto the unresolved issues,  
3 if that pleases the Commission and all the parties.

4 CHAIRMAN GETZ: And, that last issue is  
5 the issue that you submitted the legal memorandum on  
6 today?

7 MR. EATON: Yes. Yes.

8 CHAIRMAN GETZ: All right. Any  
9 objection to that manner of proceeding?

10 (No verbal response)

11 CHAIRMAN GETZ: Then, hearing no  
12 objection please proceed.

13 MR. EATON: I'd like to call Gilbert  
14 Gelineau, Steve Eckberg, and Thomas Frantz to the stand.

15 (Whereupon **Gilbert E. Gelineau, Jr.,**  
16 **Stephen Eckberg,** and **Thomas C. Frantz**  
17 was duly sworn and cautioned by the  
18 Court Reporter.)

19 **GILBERT E. GELINEAU, JR., SWORN**

20 **STEPHEN ECKBERG, SWORN**

21 **THOMAS C. FRANTZ, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. EATON:

24 Q. Mr. Gelineau, could you please state your name for the

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1 record.

2 A. (Gelineau) My name is Gilbert Gelineau.

3 Q. For whom are you employed and what is your position?

4 A. (Gelineau) I'm employed by Public Service Company of  
5 New Hampshire. And, in that position I am responsible  
6 for implementation and administration of the Company's  
7 energy efficiency programs.

8 Q. And, have you testified before this Commission in  
9 previous proceedings?

10 A. (Gelineau) Yes, I have.

11 Q. And, did you participate in the preparation of the  
12 filing that was made on October 7th, 2008, the Core  
13 Programs filing?

14 A. (Gelineau) Yes, I did.

15 Q. And, did you also participate in the responses to data  
16 requests that were asked of the electric utilities in  
17 this proceeding?

18 A. (Gelineau) Yes, I did.

19 MR. EATON: Before we mark any exhibits,  
20 I think Attorney Hatfield and Attorney Amidon are going to  
21 qualify their witnesses.

22 BY MS. HATFIELD:

23 Q. Good morning, Mr. Eckberg.

24 A. (Eckberg) Good morning.

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 Q. Could you please state your full name for the record.

2 A. (Eckberg) My name is Stephen Eckberg.

3 Q. And, by whom are you employed?

4 A. (Eckberg) I'm employed by the New Hampshire Office of  
5 Consumer Advocate.

6 Q. And, what is your position at the OCA?

7 A. (Eckberg) I'm a Utility Analyst.

8 Q. Have you testified before the Commission in that  
9 capacity?

10 A. (Eckberg) Yes, I have testified before the Commission  
11 in my current capacity, and also previously in my role  
12 as the Statewide Administrator of the Electric  
13 Assistant Program.

14 Q. And, did you work on the Settlement Agreement that  
15 we're proposing to the Commission today on behalf of  
16 the OCA?

17 A. (Eckberg) Yes, I did.

18 MS. HATFIELD: Thank you.

19 BY MS. AMIDON:

20 Q. Good morning, Mr. Frantz.

21 A. (Frantz) Good morning.

22 Q. Would you state your full name for the record please.

23 A. (Frantz) Thomas C. Frantz, F-r-a-n-t-z.

24 Q. And, could you tell me by whom you're employed and your

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1 position with that employer?

2 A. (Frantz) The New Hampshire Public Utilities Commission.

3 And, I'm the Director of the Electric Division.

4 Q. And, have you testified before the Commission before?

5 A. (Frantz) Yes.

6 Q. Are you familiar with the Settlement Agreement that was  
7 filed with this docket?

8 A. (Frantz) I am.

9 MS. AMIDON: Thank you.

10 BY MR. EATON:

11 Q. Mr. Gelineau, do you have in front of you a multipage  
12 document, with a cover letter dated "December 10th,  
13 2008", addressed to the Executive Director and  
14 Secretary, and signed by Attorney Amidon?

15 A. (Gelineau) Yes, I do.

16 Q. Could you tell us what that document is.

17 A. (Gelineau) This is the Settlement Agreement that was  
18 reached among the Staff and parties.

19 Q. And, there are -- are there some attachments to that  
20 Settlement Agreement?

21 A. (Gelineau) Yes. There are several attachments. The  
22 first, Attachment A, involves the filing of the Core  
23 utilities. It's a revised version of the filing. And,  
24 that is dated "November 12th". And, there is an

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 Appendix B, which provides additional details on the  
2 Low Income Agreement, which will be discussed, which is  
3 referenced in the filing. And, that completes the  
4 attachments.

5 MR. EATON: Very good. Mr. Chairman,  
6 could we have that Settlement Agreement filing of  
7 December 10th marked as "Exhibit 1" for identification?

8 CHAIRMAN GETZ: So marked.

9 (The document, as described, was  
10 herewith marked as **Exhibit 1** for  
11 identification.)

12 BY MR. EATON:

13 Q. Mr. Gelineau, could you give an overview of the -- a  
14 brief overview of the process of the filing and what  
15 has transpired since then?

16 A. (Gelineau) Yes. What I'd like to do is to walk through  
17 an overview of certain sections of the Settlement  
18 Agreement. And, I would start by saying that the  
19 utilities made a filing on October 7th of the programs  
20 that they would propose to implement for the calendar  
21 year 2009. And, subsequent to that, there were a  
22 series of meetings. There was a prehearing conference  
23 on the 24th of October. And, subsequently, several  
24 technical sessions were scheduled, and there was a

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 settlement conference that was also scheduled.

2 The agreement that was reached and that  
3 was just put into evidence, the parties participating  
4 in that agreement are very similar to parties who  
5 participated last year. But, just for reference, new  
6 parties to the agreement this year included the  
7 Department of Environmental Services and the Home  
8 Builders and Remodelers Association of New Hampshire,  
9 and one party who -- excuse me, two parties who were  
10 not signatories, one of whom, Wal-Mart, participated,  
11 but is not a signatory to this particular document, and  
12 the Campaign for Ratepayers' Rights was a participant  
13 in last year's proceeding, but was not in this year's  
14 proceeding. So, essentially, in large measure, the  
15 parties to this docket were the same parties to the  
16 docket from the 2008 Core Programs proceeding.

17 As I had indicated, the filing was made  
18 on the 7th of October. And, that the parties initially  
19 met at the prehearing conference. Subsequent to that,  
20 there had been consideration given to several issues  
21 that I would say were not explored in the depth that  
22 all parties might have wanted to look at, and they have  
23 been set aside for special consideration. Those issues  
24 would include monitoring and evaluation, the

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[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 shareholder incentive, cost-effectiveness test, the  
2 financial audit that's planned by the Commission Staff  
3 of the participating utilities, as well as how best to  
4 integrate and move forward with the results of a energy  
5 efficiency potential study that is currently being  
6 conducted. So, those issues, as I say, are going to be  
7 given special -- reserved for separate consideration,  
8 and, as I'll mention in a minute, are going to be  
9 considered as part of the meetings that the parties and  
10 Staff will consider or part of the items that will be  
11 considered at quarterly meetings.

12 Which brings me to the quarterly  
13 meetings. The quarterly meetings have been an aspect  
14 of the programs, where the parties and Staff have sat  
15 down and reviewed the progress of the programs each  
16 quarter. And, that is intended to continue throughout  
17 the 2009 program year. And, as I say, those special  
18 consideration items will be given a chance to be aired  
19 at those meetings, as well as additional meetings as  
20 necessary. And, the parties and Staff have agreed to  
21 those additional meetings, as necessary, to make sure  
22 that the parties have an opportunity -- the parties and  
23 Staff have an opportunity to fully air and consider  
24 those issues.

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1 Another part of the Agreement is that  
2 the parties and Staff have agreed to working groups, in  
3 particular, or to create separate groups, which will  
4 address specific issues. So, to the extent that  
5 there's an issue that needs further consideration or  
6 needs to be looked at in additional detail, the parties  
7 and Staff have agreed that we would formulate these  
8 working groups to consider special issues or to  
9 consider those issues in more detail and report back to  
10 the full committee.

11 There were also identified in the  
12 Settlement Agreement a series of other issues that  
13 people have raised at this point and are intending to  
14 discuss further. And, those issues would include the  
15 ISO of any -- excuse me, the allocation of any ISO-New  
16 England monies that might come to the -- that come  
17 about as a result of participation in the Forward  
18 Capacity Market. That is the capacity that results  
19 from the energy efficiency programs and how those  
20 monies might be allocated.

21 We're going to review again the Home  
22 Energy Assistance Budget, the monitoring and evaluation  
23 issues. There's going to be consideration for a  
24 multiyear filing, as to whether or not, where we have

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 traditionally done the Core programs on a single year  
2 basis, there's some consideration being given to  
3 looking at a multiple year filing. Other issues under  
4 consideration for specific -- additional consideration  
5 include the shareholder incentive, the use of the Total  
6 Resource Cost Test, and, as I had indicated earlier,  
7 the Staff audit and the potential study.

8 Another issue which has been taken up in  
9 the Settlement Agreement is the issue of project  
10 financing. And, the Jordan Institute has agreed to  
11 take a lead role in developing consensus  
12 recommendations on expanded financing. And, that is,  
13 as I say, is covered in Section C of the Settlement.

14 Also of concern to the parties and Staff  
15 has been the coordination of the programs with the gas  
16 programs. And, it was noted that the gas utilities are  
17 now merged with each of Unitil and National Grid. And,  
18 so, the gas utilities are now the same as two of the  
19 Core utilities. And, so, the hope is that we're going  
20 to be able to provide additional coordination. And,  
21 specifically, that's called out as a goal for this  
22 coming year, to ensure that we improve in that area.

23 The next issue that I want to bring up  
24 is the Home Energy Assistance Budget levels. And, I

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[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 guess the -- there was a separate issue, that issue was  
2 considered separately and reviewed in considerable  
3 detail during this past year. And, the parties and  
4 Staff came to an agreement that, for the 2009 program  
5 year, that 13.5 percent of the overall budget would be  
6 allocated specifically to that purpose. And, that has  
7 been also called out as an item that will be reviewed  
8 again in 2010, before the 2010 filing. So, we've come  
9 to an agreement at 13.5 percent. But that is not  
10 intended to be an ongoing number necessarily. That  
11 number will be -- that value will be reviewed again and  
12 reconsidered in 2009 for the 2010 filing.

13 I'm going to pause there and provide an  
14 opportunity for one of my colleagues here to continue  
15 on with some of the remaining issues that we addressed  
16 in the Settlement Agreement.

17 A. (Eckberg) On Page 7 of the Settlement Agreement,  
18 there's a discussion of the Energy Star Homes Program.  
19 There was some discussion, as a result of the filing,  
20 which is summarized I believe here in the language.  
21 The New Hampshire Home Builders & Remodelers  
22 Association expressed some -- a little frustration over  
23 the course of the recent year about the implementation  
24 strategies. There are, I think, inherent difficulties

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1 in the program, because of the long planning stages of  
2 home building. And, that has presented some  
3 challenges. So, the OCA, and others, obviously,  
4 believe that the language here adequately addresses  
5 those concerns. And, I believe that we'll -- we  
6 anticipate the continued more active participation of  
7 the New Hampshire Home Builders & Remodelers  
8 Association throughout the upcoming program year, by  
9 their participation in quarterly meetings, and  
10 developing future budgets as well.

11 A. (Frantz) I would just like to mention that, in 2006,  
12 Staff took over primary responsibility for monitoring  
13 and evaluation of the energy efficiency programs. A  
14 list of all the studies is in the filing, starting on  
15 Page 54, it goes to Page 59. The key study, as it's  
16 been mentioned already, and I'm sure most of you are  
17 aware, is the study that is being done to evaluate  
18 additional opportunities for energy efficiency in New  
19 Hampshire by GDS. That study is in draft form. And,  
20 if you haven't seen it, I would recommend you taking a  
21 look at that. We're about to finish that and publish  
22 it by the end of the year..

23 There are other studies that are  
24 currently being evaluated. The Northeast Energy

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 Efficiency Partnership has some plans for load shape  
2 studies and lighting persistence for 2009, running into  
3 additional studies in 2010. And, of course, one of the  
4 key aspects over the last few years on monitoring and  
5 evaluation has been the tremendous amount of work to  
6 get ready for the Forward Capacity Market and  
7 qualifying energy efficiency in the Forward Capacity  
8 Market.

9 A. (Eckberg) Section H of the Settlement Agreement, on  
10 Page 9, I believe it's Page 9, discusses the New  
11 Hampshire Saves website. This is a website that all of  
12 the utilities provide information or links to their own  
13 individual utility websites. And, the parties and  
14 Staff have agreed that a working group will be  
15 established for the purpose of reviewing the existing  
16 website and for proposing improvements to the website,  
17 especially in light of the fact that the natural gas  
18 utilities are now more fully integrated with the  
19 electric utilities. And, our collective hope is that  
20 the efficiency programs themselves will be more  
21 integrated. We think that the New Hampshire Saves  
22 website offers an excellent opportunity to increase the  
23 amount of educational material that's available to the  
24 public. That's all.

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[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 A. (Gelineau) It seems like we have some confusion here.  
2 Let me -- I'll try and walk through the remaining  
3 couple of sections here. But, essentially, I think as  
4 I mentioned earlier, the current copy of record of the  
5 Core proposal is a proposal that was -- I have a filing  
6 letter that was dated the 12th, but I guess the actual  
7 date of the document itself, the filing, is the 10th of  
8 November. Regardless, the issue here is that, in this  
9 section, it calls for the utilities to issue an update,  
10 should such an update be required as a result of this  
11 proceeding. So, if there are changes, the commitment  
12 is to issue an update that will incorporate those  
13 changes, and reissue that document such that we have a  
14 single document that will reflect the agreements and  
15 the plan going forward in 2009.

16 Also, in the Settlement Agreement is a  
17 statement to the effect that the parties and Staff  
18 agree to use the Total Resource Cost Test for the 2009  
19 Core filing, and that, in fact, was done, or the filing  
20 itself is based on -- that test serves the basis as  
21 examining the benefit/cost ratios for the programs in  
22 the 2009 filing.

23 At this point, I come to two issues that  
24 are labeled as "unresolved issues". The first has to

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 do with the Fuel Blind Home Energy Solutions Pilot.

2 And, essentially, two of the utilities are requesting  
3 permission to move forward with a pilot program that  
4 would provide residential home weatherization services  
5 to homes heated with fuels other than electricity.

6 And, there's going to be additional discussion of that  
7 item later on. But that's an issue that the parties  
8 felt that not enough information was available prior to  
9 this Settlement Agreement. And, so, it was agreed that  
10 this issue would be heard in more detail at this  
11 hearing. And, so, that's, as I say, that issue is  
12 unresolved at this point.

13 Also listed as a so-called "unresolved  
14 issue" is the Renewable Energy Fund and the use of the  
15 Renewable Energy Fund and RGGI funds. And, in the  
16 filing, the utilities had pointed out that these funds  
17 were available and that the rules were still being --  
18 evolving at the time that the filing was written as to  
19 how that would proceed. And, it was included in the  
20 filing more as a point of recognition that this was out  
21 there, as opposed to a filing that would say that we're  
22 seeking some of these funds for specific purposes.

23 So, it was agreed that -- it was  
24 recognized that the utilities had pointed that out in

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 the filing. But it was agreed by the parties and Staff  
2 that, should the utilities wish to pursue a specific  
3 use of those funds, that that would be taken care of or  
4 done in a separate filing. And, so, those are the two  
5 unresolved issues at this point coming out of the  
6 filing -- coming out of the Settlement Agreement,  
7 excuse me.

8 And, finally, there's a provision, a  
9 "Miscellaneous Provisions" section of the filing,  
10 merely addresses the parties' understanding as to the  
11 treatment of the discussions and the filing itself, as  
12 to how that would be treated, in terms of  
13 confidentiality, *etcetera*.

14 BY MR. EATON:

15 Q. Gentlemen, do you have anything to add to your direct  
16 testimony on the issues that have been resolved?

17 A. (Eckberg) No.

18 A. (Gelineau) I do not.

19 MR. EATON: Then, the panel is available  
20 for cross-examination.

21 CHAIRMAN GETZ: Ms. Hatfield, do have  
22 anything further for the panel?

23 MS. HATFIELD: I just have one question  
24 for Mr. Frantz.



1 BY MS. HATFIELD:

2 Q. If you turn to Page 9 of the Settlement Agreement?

3 A. (Frantz) Yes.

4 Q. The end of Section G refers to Staff's agreement to  
5 file "a plan for 2009 monitoring and evaluation  
6 activities." Do you see that language?

7 A. (Frantz) I do.

8 Q. Could you just briefly discuss what Staff envisions for  
9 that filing?

10 A. (Frantz) I envision that we'll have a discussion with  
11 the parties. I think I'll put out a straw proposal of  
12 studies that are currently being discussed in New  
13 England, including through the Northeast Energy  
14 Efficiency Partnership and the potential cost of some  
15 of those studies, and as well as some other ideas, and  
16 look for feedback and additional recommendations from  
17 the parties.

18 MS. HATFIELD: Thank you.

19 CHAIRMAN GETZ: Ms. Amidon.

20 MS. AMIDON: Yes, I had a couple of  
21 questions.

22 BY MS. AMIDON:

23 Q. Mr. Gelineau, with respect to the gas program  
24 coordination, am I correct that this provision of the

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 Settlement Agreement is not intended to direct the use  
2 of SBC funds for gas energy efficiency initiatives?

3 A. (Gelineau) That's correct. This provision is intended  
4 to ensure that there be coordination as we visit  
5 customers who have both services, both natural gas  
6 service, as well as electric service, that would  
7 coordinate the delivery of energy efficiency programs  
8 to those customers.

9 Q. Thank you. With respect to the Forward Capacity  
10 Market, do you know how many kilowatt-hours were  
11 actually cleared through the market in 2008 or for some  
12 period of time that you can give me?

13 A. (Gelineau) I want to say that -- I don't know how many  
14 kilowatt-hours, I believe that the amount of dollars, I  
15 think -- I don't know. I don't know. I want to say  
16 700,000, but, yes, I'm seeing a nod of the head, it was  
17 \$700,000 in the 2008 docket. And, that included  
18 benefits that started accruing December 1st of 2006.

19 Q. And, going forward, do you think it would be  
20 appropriate to keep track of the kilowatt-hours?

21 A. (Gelineau) Certainly, we can do that. We have that  
22 information.

23 Q. Okay.

24 A. (Gelineau) I just don't have it off the top of my head,

1 that's all.

2 Q. Understandable. Thank you. And, in the Settlement  
3 Agreement, we all agreed, with respect to the Home  
4 Heating Assistance, with a statement that the Community  
5 Action Agencies, this would be on Page 7 of the  
6 Agreement, it's under Paragraph E, "Home Energy  
7 Assistance Budget Levels", and, at the end of that  
8 section, it says "The Community Action Agencies have  
9 explained that the reduction in the number of homes  
10 able to be served is a result of an increase in costs  
11 for weatherization materials, resulting in a higher job  
12 cost average and more energy efficiency measures being  
13 installed in some homes." And, this was offered by way  
14 of explanation as to why, in 2009, with more money,  
15 fewer homes were going to be able to be served through  
16 the HEA budget. Is there anything in the record that  
17 supports that statement?

18 A. (Gelineau) I would expect that there may be some data  
19 requests that may have responded to that particular  
20 issue, but I can't point to one right offhand. But,  
21 obviously, those are not -- it's not in the record as  
22 of right now.

23 MS. AMIDON: Okay. Thank you. That's  
24 all that I have.

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 CHAIRMAN GETZ: Well, speaking of the  
2 record, I believe, Mr. Eaton, all we've marked is the  
3 Settlement Agreement as "Exhibit 1". Should we also be  
4 marking the October 7 Core filing as an exhibit?

5 MR. EATON: Appendix A -- we will do  
6 whatever the Chair wants, but Appendix A is the October  
7 7th filing, updated for a data error that went throughout  
8 the -- throughout the filing. So, really, the  
9 November 10th document, which is Appendix A to Exhibit 1,  
10 is really a better representation.

11 CHAIRMAN GETZ: Okay. Thank you. Then,  
12 let's turn to Mr. Dunn?

13 MR. DUNN: No questions, Mr. Chairman.

14 CHAIRMAN GETZ: Mr. Epler?

15 MR. EPLER: No questions. Thank you,  
16 Mr. Chairman.

17 CHAIRMAN GETZ: Mr. Camerino?

18 MR. CAMERINO: No questions.

19 CHAIRMAN GETZ: Ms. Doukas?

20 MS. DOUKAS: Wal-Mart has no issues to  
21 litigate today.

22 CHAIRMAN GETZ: Mr. Steltzer?

23 MR. STELTZER: No questions.

24 CHAIRMAN GETZ: Mr. Buck?

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[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 MR. BUCK: No questions.

2 CHAIRMAN GETZ: Mr. Nute?

3 MR. NUTE: No questions.

4 CHAIRMAN GETZ: Mr. Linder?

5 MR. LINDER: We do have a few questions.

6 Mr. Feltes will be asking them.

7 MR. FELTES: Good morning, Mr. Chairman,  
8 members of the Commission. Good morning to the panel as  
9 well.

10 WITNESS GELINEAU: Good morning.

11 MR. FELTES: We have just a few  
12 questions. The first few are directed to Mr. Gelineau,  
13 and the last is directed to Mr. Frantz. The first  
14 question for Mr. Gelineau relates to a data request that  
15 was offered. I'll hand it out to the parties and to the  
16 Commission.

17 (Atty. Feltes distributing documents.)

18 **CROSS-EXAMINATION**

19 BY MR. FELTES:

20 Q. Mr. Gelineau, I handed you a data request. Can you  
21 describe what it is?

22 A. (Gelineau) Yes. It essentially is seeking  
23 clarification on and an explanation as to the  
24 differences between the amount of work that might be

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 done in the 2009 and 2008 program years.

2 Q. And, is that your answer? Is that the answer that was  
3 filed by the utilities?

4 A. (Gelineau) The document that you distributed, yes, it  
5 is. It does have the answer that the utilities  
6 provided.

7 Q. And distributed to The Way Home?

8 A. (Gelineau) Yes. This is in response to a data request  
9 from The Way Home.

10 Q. If you don't mind, could you just read the answer  
11 briefly.

12 A. (Gelineau) The response is as follows: "The difference  
13 between the 2008 plan and the 2009 plan is related to  
14 the higher average cost to serve each home in the 2009  
15 plan. The increase in cost is associated with the  
16 increase in weatherization material costs, along with  
17 additional funding for health and safety measures as  
18 part of the weatherization package."

19 MR. FELTES: Thank you. At this time,  
20 I'd like to have that marked as an exhibit for the  
21 purposes of this hearing and entered into the record.

22 CHAIRMAN GETZ: It will be marked for  
23 identification as "Exhibit Number 2".

24 (The document, as described, was

1 herewith marked as **Exhibit 2** for  
2 identification.)

3 MR. FELTES: Thank you.

4 BY MR. FELTES:

5 Q. Mr. Gelineau, now can I turn your attention to the  
6 Settlement Agreement, to specifically item II.B,  
7 "Issues for 2009 Quarterly or Additional Meetings"?

8 A. (Gelineau) I'm sorry, that reference, what page is that  
9 again?

10 Q. I think it's the second page after or the third page  
11 after the numbered Page 2.

12 A. (Gelineau) Thank you.

13 Q. Let me know when you're --

14 A. (Gelineau) I'm there at this point. Thank you.

15 Q. Okay. Thanks. Let me turn your attention to the  
16 second line underneath item II.B, which states "These  
17 issues include but are not limited to the appropriate  
18 method of allocating the Independent System Operator  
19 funds; Low-income HEA budgets and associated projects;  
20 methods for evaluating market transformation and market  
21 demand; and the possibility of multi-year program  
22 filings." Did I read all that correctly?

23 A. (Gelineau) I believe so.

24 Q. Okay. The phrase "these issues include but are not

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 limited to" means that it does not prohibit the group  
2 from discussing other issues or topics during these  
3 meetings, correct?

4 A. (Gelineau) That would be my interpretation.

5 Q. And, I would assume that nothing would prohibit the  
6 discussion of whether or not RGGI funds could be used  
7 within the Core programs to supplement the Core  
8 programs?

9 A. (Gelineau) Certainly we can talk about that, yes.

10 Q. Now, if we can jump forward to item III, III.B, I  
11 believe this is on Page 10, carryover to Page 11. And,  
12 Mr. Gelineau, if I can direct your attention to the  
13 second to last sentence on the full carryover  
14 paragraph, beginning with "The Settling Parties"?

15 A. (Gelineau) Yes, I see that.

16 Q. This sentence and the phrase "separate filings" does  
17 not prohibit or does not mean that we agree to prohibit  
18 the use of RGGI funds as part of the Core programs, is  
19 that correct?

20 A. (Gelineau) I guess I would not disagree with that. I  
21 guess what I would say is that, if -- my interpretation  
22 of what's in the language that's in the Settlement  
23 would be that the utilities would need to make a  
24 separate filing in order to seek funds from the



[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 Renewable Energy Fund or RGGI, but exactly how they  
2 might be used would be dependent upon what was approved  
3 as a result of that separate filing, would be my  
4 interpretation at this point. And, I would expect,  
5 it's my understanding that there are rules that will  
6 guide how it is that these funds are allocated. And, I  
7 believe there are some interim rules that are in place  
8 right now, in terms of RGGI, for example.

9 Q. And, Mr. Gelineau, the phrase "separate filings" does  
10 not prohibit a separate filing for RGGI funds within  
11 the Core docket? Do you agree with that --

12 A. (Gelineau) This is not my area of expertise, as far as  
13 how a particular filing might be docketed. But I guess  
14 I wouldn't necessarily, you know, I guess I'd have to  
15 defer to somebody from the Commission as to how they  
16 docket individual filings like that. I don't know how  
17 that's done, to be honest.

18 A. (Frantz) I think everyone's looking at me. It would be  
19 possible to leave this docket open for I think  
20 additional filings, if someone wanted to make that kind  
21 of filing for additional funds. I mean, dockets can be  
22 left open. Whether or not the Commission would want to  
23 allow this docket to stay open after a settlement and  
24 some decision, I'd leave that, obviously, to the

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1           Commissioners. There is, as Mr. Gelineau said, a set  
2           of interim rules that guides how RGGI funds are meant  
3           to be used. Now, whether someone could make a filing,  
4           such as the utilities, and just say "we're going to  
5           increase across-the-board funding for additional  
6           programs or specific programs", I think that's --  
7           that's something that could be looked at and even  
8           discussed. I'm not sure it's precluded, but I think  
9           that would be of interest to a whole lot of parties,  
10          that many of whom are sitting in this room today, they  
11          might have additional ideas how those funds could be  
12          used.

13        Q.    Okay. Thanks, Mr. Frantz. Just one last sort of point  
14           of clarification on that. So, the separate filing for  
15           RGGI funds could be part of the Core 2010 Program  
16           filing?

17        A.    (Frantz) I'm not sure there's anything that would  
18           actually preclude that.

19        Q.    Yes. Okay. Thank you. Then, one last follow-up  
20           question for Mr. Frantz. In the last sentence of that  
21           paragraph, the sentence beginning "The Parties and  
22           Staff", Mr. Frantz, there's a reference to "Puc  
23           2604.01". And, I assume, and correct me if I'm wrong,  
24           that that's a reference to the interim Puc 206 --

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 excuse me, 2604.01, is that correct?

2 A. (Frantz) I believe that's correct. I don't have the  
3 interim rules in front of me, but I believe that is  
4 correct.

5 MR. FELTES: Okay. Thank you.

6 CHAIRMAN GETZ: Mr. Henry?

7 MR. HENRY: Yes, I have two questions.

8 BY MR. HENRY:

9 Q. First, for Mr. Gelineau, on Page 6, of the "Project  
10 Financing Alternative", would you agree that, in the  
11 first sentence, reading "The Jordan Institute will  
12 continue to meet with the Electric Utilities to discuss  
13 financing of energy efficiency projects", that that  
14 would include all four electric utilities in the state?

15 A. (Gelineau) Yes, I'd agree with that.

16 Q. Thank you. And, would you also agree that the third  
17 sentence that says "The goal will be to develop  
18 consensus recommendations on expanded project financing  
19 alternatives", that that would include expanding the  
20 potential of discussing expansion of these programs to  
21 other sectors, besides the ones that some of the  
22 utilities are currently offering this program, this  
23 Smart Start Program to?

24 A. (Gelineau) I would say that that broadly fits in there.

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[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 I guess I would also say that it looks like it goes  
2 beyond Smart Start. It basically says that it's  
3 "expanded financing alternatives".

4 Q. Right.

5 A. (Gelineau) So, I guess I wouldn't necessarily -- that  
6 language seems to put everything on the table.

7 Q. Right. Thank you very much. And, finally, the  
8 implication of "The gas utilities will be invited to  
9 attend these discussions", also alludes to the  
10 possibility of the gas utilities being invited and to  
11 explore the possibility of Smart Start Programs for  
12 their utilities as well?

13 A. (Gelineau) Certainly, I think that this language really  
14 doesn't recognize the fact that the gas utilities and  
15 the electric utilities are now the same utilities.

16 Q. Right. Thank you. Thank you very much. And, that  
17 leads to my next question on Item D, just directly  
18 below that. When we are speaking here of the last  
19 sentence there, that says "The Parties and Staff  
20 believe that this horizontal integration provides a  
21 unique opportunity to enhance coordination and reduce  
22 costs of the delivery of energy efficiency programs in  
23 the state", given that the two gas utilities in the  
24 state, as you have just said, have been purchased by

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 the electric utilities, do you agree that this offers  
2 an excellent opportunity to explore coordination of the  
3 gas and the electric energy efficiency programs  
4 essentially under one roof? "Roof", that may not be  
5 the right program to answer there, but --

6 A. (Frantz) To any of us or --

7 Q. Yes. To any of you, yes.

8 A. (Frantz) I agree.

9 Q. Thank you.

10 A. (Gelineau) I would agree.

11 MR. HENRY: Thank you very much.

12 CMSR. BELOW: Yes.

13 BY CMSR. BELOW:

14 Q. First, with regard to the Settlement Agreement, on Page  
15 7, near the middle of the page, it talks about the  
16 "making uniform among the Electric Utilities" an  
17 "increase to 13.5 percent of the overall Core program  
18 budget" the amount allocated to the Home Energy  
19 Assistance Programs. Can you tell me what the  
20 percentage was for 2008 and how that varied between the  
21 electric utilities?

22 A. (Gelineau) I believe I have that information. And, I  
23 would be wrong. I do not have it with me right now.

24 Q. Okay.

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 A. (Gelineau) We could take a record request or if  
2 somebody else has that handy. I do believe that that  
3 was one of the data requests, and some of that -- that  
4 information should be available. I just don't have it  
5 with me at the table here. I can tell you that broadly  
6 it was probably in the order of magnitude of 11 percent  
7 overall, and it probably varied from, I'm going to say,  
8 seven and a half to 8 percent, to about 13, 14 percent.

9 Q. Okay. Perhaps, if somebody finds it later on that they  
10 could bring that to our attention in redirect. Turning  
11 to Appendix A, which is the Core Program filing revised  
12 November 10th, 2008. The first question I have going  
13 through it, and it seems as though all the pages are  
14 dated "07 October 2008", which is the date of the  
15 original filing. Can you tell me exactly what was  
16 revised on November 10th, 2008?

17 A. (Eckberg) I believe one of the revisions I have in my  
18 hands is a copy of the original filing dated October 7.  
19 My recollection is that one of the changes that was  
20 made to the November 10th filing was that the budget  
21 and perhaps the projected lifetime kWh savings from the  
22 2008 numbers that were originally provided were updated  
23 to show the revised numbers from 2008, because there  
24 were differences between the original 2008 filing and

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 the revised 2008 filing. And, my recollection is that  
2 utilities, in making this 2009 filing, used the  
3 original 2008 numbers, and I believe Staff requested  
4 that they update those bits of information throughout  
5 the filing to show the revised 2008 numbers. There may  
6 be some additional changes, perhaps Mr. Gelineau  
7 recalls?

8 A. (Gelineau) I don't have that list with me. Are you  
9 saying --

10 MS. AMIDON: By way of information, if I  
11 may, Staff did issue a data request, as Mr. Eckberg  
12 indicated. And, the data request was a request to update  
13 the filing to use the revised, that is the February 29th  
14 2008 numbers from docket number 07-106, because there was  
15 an updated filing, and the initial filing didn't use the  
16 updated numbers, they used the previously filed numbers.  
17 The document that you have as Appendix A or Attachment A  
18 is the response to that data request, and therefore  
19 represents the updated numbers and the updated filing for  
20 this docket.

21 CMSR. BELOW: Okay.

22 BY CMSR. BELOW:

23 Q. On Page 3 of the Appendix A to Exhibit 1, in the next  
24 to last full paragraph it says "New Hampshire electric

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 utilities are making commitments for projects that will  
2 be completed next year and the year after." And, it's  
3 sort of in contrast to the early years of the program,  
4 where customer demand was low. And, I guess I'm just  
5 wondering if you can characterize the overall customer  
6 demand for the programs, if you've seen that increase  
7 this year, to what extent are you making commitments  
8 out to the next year or the year thereafter? And, to  
9 what extent are you seeing demand for similar programs,  
10 but people don't meet the criteria? That is, for  
11 instance, in the Home Energy Solutions, they don't have  
12 enough electric heat to qualify, but they're still  
13 asking about the programs. Can you characterize any of  
14 that?

15 A. (Gelineau) I can -- I can speak to that from,  
16 specifically, from Public Service's viewpoint. We do  
17 have a fair amount, and I want to say that it's  
18 probably in the order of more than a quarter of a  
19 million, less than a half a million dollars associated  
20 with the commercial/industrial programs that I expect  
21 that we're going to show in the next quarterly report  
22 that is booked out into the next year, not the year  
23 beyond, but into next year.

24 In terms of the Home Energy Assistance

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[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 -- the Home Energy Solutions Program, we do have or  
2 maintain a list of customers who have expressed  
3 interest in participation in the program, but didn't  
4 qualify due to the fact that they didn't have electric  
5 heat. And, we have captured those customers, and I  
6 will speak to that. And, it was my intent to address  
7 that and say that, should the pilot or nonfuel blind  
8 pilot be approved, we would expect to tap into that  
9 group of customers or offer the program to that group  
10 of customers as an initial foray.

11 Q. Okay. On Page 4, the last bullet refers to "reduce  
12 power plant emissions based on regional dispatch of  
13 plants" resulting from energy savings of past year  
14 programs. Do you know if that -- and then there's a  
15 table below it that show some of those emission  
16 reductions. Do you know if that is based on the  
17 average emission rate for the region or on the marginal  
18 emission rate?

19 A. (Gelineau) I don't know for sure. I believe it's the  
20 average, but I'm not sure.

21 CMSR. BELOW: Okay. Could we just make  
22 that a data request to find out what that's compared to?

23 CHAIRMAN GETZ: Okay. We will reserve  
24 Exhibit Number 3 for the response.

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(Exhibit 3 reserved)

BY CMSR. BELOW:

Q. And, then, in the next paragraph, it says "the CORE Programs have saved energy at an average cost under 2.0 cents per lifetime kWh." Can you tell me if that's the utility cost or the total cost, including any customer contribution?

A. (Gelineau) That is the cost of the programs. It does not include the customer portions. That's not adhering to the total resource cost test, if you will, but it looks at it from the standpoint of how the -- the impact that the programs are having, the leveraging effect of the programs.

Q. Okay. On Page 6, at the top of the page you referred to -- there's a sentence that says "As these efforts are implemented and managed by the NHPUC Office of Sustainable Energy". And, then, further down there's a reference to the "Sustainable Energy Division". And, I just wanted to check, are you aware that originally, when we announced our intent, we characterized it as the "Office of Sustainable Energy". But, in order to avoid confusion with the Office of Energy & Planning, we're calling it the "Sustainable Energy Division" at the PUC. Are you aware of that?

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 A. (Gelineau) What I'm aware of is that, when we put it in  
2 there, I think we checked what it was at the time.  
3 And, I appreciate the clarification.

4 Q. Okay.

5 CHAIRMAN GETZ: Stay tuned.

6 BY CMSR. BELOW:

7 Q. On the next page, on Page 7, the last bullet refers to  
8 changing the incentive structure for the ENERGY STAR  
9 Homes Program "to include a sliding scale with higher  
10 incentives for as performance improves". And, my  
11 question is, was that implemented this year or last  
12 year? And, I didn't find anywhere in the filing what  
13 that sliding scale is. Am I missing something? Or, if  
14 it's not in here, could you provide what the proposed  
15 sliding scale is based on the performance is for 2009?

16 A. (Gelineau) We can provide it. I think it was  
17 implemented probably, I want to say, 2006 time frame.

18 Q. Okay. So, to your knowledge, there's no revisions to  
19 that sliding scale, that's continuing?

20 A. (Gelineau) No, that's an example of something that had  
21 changed. And, it was specifically intended to try and  
22 provide -- advance more rewards for the better somebody  
23 did. And, it was open-ended. So that, in order to --  
24 in order to completely maximize the benefit that might

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1 be available through that program, I believe that -- I  
2 believe it has to be about a 50 or so on a home energy  
3 scale. It has to be a particularly good home. So,  
4 there is benefit to doing better and better.

5 Q. Okay. On Page 8, the second bullet down refers to "The  
6 Energy Policy Act of 2005", and states that "Changes  
7 were made to the CORE Programs to identify homes which  
8 met the standard and to provide certification to assist  
9 in claiming the tax credit. The tax credits are due to  
10 expire at the end of 2008." Do you know if those tax  
11 credits have been extended?

12 A. (Gelineau) At the time that this was written, it  
13 wasn't. I think that -- I think that they have -- I'd  
14 want to check. I think it has been extended, not for  
15 2009, but for 2010.

16 Q. So, it goes on to say that "the utilities will monitor  
17 the situation and will make program adjustments as  
18 appropriate." So, is that your intent?

19 A. (Gelineau) It is our intent.

20 Q. And, what's the intent of that? To sort of leverage  
21 those tax -- value those tax credits in the programs or  
22 what?

23 A. (Gelineau) It's to make sure the customers understand  
24 what the total benefits that they might receive by

1 pursuing that -- the additional benefits that they  
2 might receive and make them aware of those additional  
3 benefits.

4 Q. Okay. Was there any -- Do you know if there's any  
5 consideration by the utilities or by any of the  
6 participants in the settlement discussions of  
7 introducing or transforming or supplementing the Home  
8 Energy Solutions Program with Home Performance with  
9 ENERGY STAR?

10 A. (Gelineau) I'm not sure I understand the question. Are  
11 you suggesting that we would change the program to use  
12 -- to more closely align with the Home Performance with  
13 ENERGY STAR or what --

14 Q. Yes, that's my question. As you probably know, the  
15 U.S. EPA and U.S. DOE promote a comprehensive home  
16 energy efficiency and home comfort approach, a whole  
17 house approach to energy efficiency through a program  
18 called "Home Performance with ENERGY STAR". And, my  
19 question is, was there any consideration to doing that  
20 in New Hampshire?

21 A. (Gelineau) I'm not aware of the details. I do believe  
22 that it was discussed.

23 Q. And, are you aware that that is program that's offered  
24 in all three neighboring states through Efficiency

[WITNESS PANEL: Gelineau|Eckberg|Frantz]

1 Vermont in Vermont, Efficiency Maine in Maine, and  
2 through National Grid in Massachusetts?

3 A. (Gelineau) I'm aware that National Grid is doing it.

4 A. (Frantz) And, Commissioner, that's something that would  
5 be quite appropriate for us to discuss at a quarterly  
6 meeting in preparation for the 2010 filing.

7 Q. And, I guess I have another question. Are you aware  
8 that earlier this year the U.S. EPA authorized the use  
9 of the ENERGY STAR brand in conjunction with mortgage  
10 offerings, and that pilots are being developed,  
11 particularly in the State of Maine, but also in  
12 Massachusetts, for ENERGY STAR mortgages. But one of  
13 the program criteria is that such ENERGY STAR mortgages  
14 will be limited to the purchase of homes that are  
15 ENERGY STAR qualified, which is primarily new homes, or  
16 for the purchase or a refinancing of existing homes,  
17 where part of the loan proceeds are used for Home  
18 Performance with ENERGY STAR investments and  
19 improvements?

20 A. (Gelineau) Sounds like that's another thing we ought to  
21 be looking at.

22 Q. Okay. So, you weren't aware of that particularly?

23 A. (Gelineau) I personally was not.

24 CMSR. BELOW: Okay. I think that's all

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1 the questions I have.

2 CHAIRMAN GETZ: Mr. Eaton, was there an  
3 answer to the earlier question that Commissioner Below  
4 asked?

5 MR. EATON: No, we couldn't find it.

6 CMSR. BELOW: Yes. And, could we just  
7 expand the question to a history, as to what percentage of  
8 program budgets by utility have gone to the Home Energy  
9 Assistance Program?

10 CHAIRMAN GETZ: And, maybe if you can  
11 include that in Exhibit 3 as well, --

12 MR. EATON: Okay.

13 CHAIRMAN GETZ: -- the record response.

14 WITNESS GELINEAU: Is that question  
15 looking at budget or actual?

16 CMSR. BELOW: Well, to the extent we're  
17 comparing with the 13.5 percent budget, budget. But I  
18 think, if you have actuals available, that would be useful  
19 too.

20 CHAIRMAN GETZ: Ms. Hatfield.

21 MS. HATFIELD: Thank you, Mr. Chairman.  
22 Commissioner Below also asked about the ENERGY STAR homes  
23 incentive sliding scale, and I don't believe an exhibit  
24 was reserved for that. Would that be included also in

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1 number 3?

2 CHAIRMAN GETZ: Commissioner Below  
3 indicates "yes".

4 MS. HATFIELD: Thank you.

5 CHAIRMAN GETZ: Okay. I have some  
6 questions about the unresolved issues on Pages 10 and 11  
7 of the Settlement Agreement. But, with respect to the  
8 proposed Fuel Blind Home Energy Solutions Pilot, Mr.  
9 Eaton, did I understand correctly that the proposal was to  
10 have Mr. Gelineau stay on the stand and --

11 MR. EATON: And provide some more detail  
12 about that proposal.

13 CHAIRMAN GETZ: Okay. I'll defer my  
14 questions till then on that issue.

15 BY CHAIRMAN GETZ:

16 Q. On the second, on the Renewable Energy Fund and RGGI  
17 Funds, Section B, let me just give you an indication.  
18 Mr. Gelineau, eventually I'm going to have a question  
19 for you, but, as I'm prone to do, I have somewhat of a  
20 lengthy lead-in. As I look at the order of notice, one  
21 of the issues noticed was "whether the Commission  
22 should allocate monies from the Greenhouse Gas  
23 Emissions Reduction Funds to expand the Core Energy  
24 Efficiency Programs." And, then, if I look at the



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1 Settlement Agreement, on Page 10 it recites the  
2 language from the original filing, that "The New  
3 Hampshire Electric utilities stand ready to assist to  
4 help deliver additional services." And, the Settlement  
5 Agreement also says that "the Settling Parties and  
6 Staff believe that it would be more appropriate for the  
7 electric utilities to make separate filings with the  
8 Commission, to the extent they wish to seek such  
9 funds."

10 And, my concern is that, if the  
11 Commission is going to effectively administer the  
12 Greenhouse Gas Emission Reduction Funds, we need to  
13 know the universe of available options for funding that  
14 will be available to us. And, we'll get some  
15 indication of that when we get responses to a request  
16 for proposals, presumably in the first quarter of 2009.  
17 But I think it's also important for us to know the  
18 utilities' capacity to expand their programs in a  
19 cost-effective and timely way.

20 So, my question for you, and I'll give  
21 the opportunity for the rest of the utilities if they  
22 want to respond, but is it feasible for the utilities  
23 to file a report with us, in a fairly quick turnaround,  
24 that would -- detailing which programs could be

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1 expanded, the extent to which programs could be  
2 expanded, and how quickly programs could be expanded?

3 It's actually for Mr. Gelineau, but --

4 A. (Frantz) Actually, I just have one question that may  
5 help Mr. Gelineau on that one. And, Mr. Chairman, is  
6 that based on a projection of \$13 million in the RGGI  
7 fund for 2009 or what number would that use or was that  
8 intended to say we could absorb "x" million?

9 Q. I'm thinking irrespective of what the funding would be.  
10 I'm just -- I'm interested in what the utility's  
11 capacity is.

12 A. (Gelineau) I think that that was, and I'm going to  
13 reference back to something that Public Service did in  
14 the Least Cost Plan, that was one of our concerns in  
15 terms of, you know, what we could do. And, I guess our  
16 best estimate, prior to putting together a filing like  
17 you've just suggested, that we separately look at that,  
18 in individual programs, was about a 50 percent increase  
19 seemed to be in the neighborhood of what, you know, we  
20 thought we could bite off in terms of an initial  
21 increase. And, I think that that's something that  
22 would increase over time. But that I think that it's  
23 -- it is a good question from the standpoint of you  
24 just can't double things or there is a limit to the

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1 capacity with which you can expand cost-effectively,  
2 and I think that's certainly one our concerns. Our  
3 initial foray, as I said, looking at that is about a  
4 50 percent increase.

5 Q. But you -- But it would be feasible for you to  
6 fine-tune that?

7 A. (Gelineau) Yes, I guess we would look to fine-tune it  
8 specifically. There are some areas that, you know, we  
9 might be able to do more, and some areas that, you  
10 know, it will probably -- it will depend on individual  
11 programs, as far as what can be done.

12 CHAIRMAN GETZ: Okay. Any redirect, Mr.  
13 Eaton?

14 MR. EATON: None for me.

15 CHAIRMAN GETZ: Ms. Hatfield?

16 **REDIRECT EXAMINATION**

17 BY MS. HATFIELD:

18 Q. Mr. Eckberg, if you could look at Page 10 -- or, excuse  
19 me, Page 11, the section that Chairman Getz was just  
20 asking questions about.

21 A. (Eckberg) Yes, I have that in front of me.

22 Q. Thank you. About five lines up from the end of that  
23 section there's language stating that specific  
24 proposals for the use of either RPS or RGGI funds were

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1 not provided, and that the Parties and Staff did not  
2 have the opportunity to review those. Is that correct?

3 A. (Eckberg) Yes, that's correct. And, as Mr. Gelineau  
4 indicated, I believe he's going to be discussing a  
5 little bit more about their -- the utilities' idea for  
6 a modification to a current program. But it's the  
7 OCA's understanding that, for accessing or making use  
8 of the RGGI funds or the RPS funds, that those  
9 proposals would be done per the interim RGGI rules.

10 Q. So, you haven't had an opportunity to review any  
11 proposals for the use of those funds at this time?

12 A. (Eckberg) No, we have not seen any specific proposals  
13 for use of those funds at this time. That's correct.

14 MS. HATFIELD: Thank you. No further  
15 questions.

16 CHAIRMAN GETZ: Well, I'm not sure where  
17 that was headed. But, in case I'm understanding, I hope  
18 there's not a confusion, I'm not proposing that the  
19 utilities make proposals. I want to get an understanding  
20 of what their capacity would be to fund more programs, if,  
21 of course, depending on how much money is going to be  
22 available in the RGGI -- in the RGGI funds, when they  
23 become available.

24 But, Ms. Amidon, do you have anything

1 for the --

2 MS. AMIDON: No.

3 CHAIRMAN GETZ: Okay.

4 BY CMSR. BELOW:

5 Q. Mr. Eckberg, as Appendix B to Exhibit 1, the Settlement  
6 Agreement, is a -- seems to be a report, a "Low Income  
7 Needs Assessment Preliminary Report-final", I guess  
8 could you explain is that the final report or a  
9 preliminary report or just what that is exactly? And,  
10 then, I have a question about it. And, I'm asking you  
11 because I see you were a member of the team that  
12 appeared to offer this. Could you explain that?

13 A. (Eckberg) Yes, I was. This Appendix B that you inquire  
14 about was the result of a subgroup or a working group  
15 of the Core Management Team and the parties to the 2008  
16 Core Settlement. And, we were looking to evaluate the  
17 overall needs assessment, so to speak, how many low  
18 income or income eligible homes we could estimate might  
19 be in New Hampshire, in order to get a sense of the  
20 overall need for either weatherization or Home Energy  
21 Assistance Program or other programs which may be  
22 coming available to serve that population.

23 Yes, I acknowledge that the title, which  
24 is sort of in the footnote of the document, "Low Income

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1 Needs Assessment Preliminary Report-final", is somewhat  
2 confusing. It's my understanding that this is the  
3 final version. We initially presented the Low -- this  
4 working group presented our findings to the quarterly  
5 meeting group, and it was adopted or accepted. And,  
6 so, I believe this is a final version of the report.

7 Q. And, on Page 3 of that, there's a Question Number 4,  
8 "How long will it take to serve all remaining low  
9 income households?" And, it appears to be based on a  
10 Community Action Agency estimate that indicates that,  
11 if they "increase production by approximately  
12 250 percent over a three year period", so they would  
13 ramp up to that sounds like two and a half times the  
14 current production, maybe you could clarify that? But,  
15 if they do that, they estimate it would take about just  
16 over 36 years to serve all potential remaining low  
17 income households, assuming the number of such  
18 households doesn't increase. I guess could you just  
19 clarify what that is saying exactly, and do you believe  
20 that's still approximately accurate or do you have any  
21 reason to believe that's changed?

22 A. (Eckberg) Well, I think that number, the estimate of  
23 "36 years", is perhaps subject to change, based upon  
24 the total funding that's available and the overall

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1 emphasis of or availability of programs that are  
2 available or become available to serve this population.  
3 I think, overall, one should take this number as an  
4 indication that there is a huge possibility out there  
5 of homes to serve in the income eligible population. I  
6 mean, whether this estimate gets changed to 30 years or  
7 50 years, I think it's still sort of meant to convey  
8 there is a large possibility of need or a large need  
9 out there, I shouldn't say a "possibility of need". Is  
10 that --

11 Q. That's fine. Does anybody else want to add to that?

12 A. (Frantz) I agree with Mr. Eckberg, as far as the  
13 numbers can maybe change. But it really gives a  
14 magnitude of the problem. And, perhaps hints at a  
15 solution to this problem is much larger than the Home  
16 Energy Assistance Program or what we're doing here.

17 CMSR. BELOW: Okay. Thank you. That's  
18 it.

19 CHAIRMAN GETZ: Mr. Linder.

20 MR. LINDER: I was just going to ask,  
21 Mr. Chairman, if the Commission is intending to reserve as  
22 a data response number the Chair's question about whether  
23 a report could be filed regarding capacity? I didn't know  
24 if the question was directed to this docket or -- so, I

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1 was just raising the issue as to whether we should be  
2 reserving a response number for that, an exhibit number  
3 for that?

4 CHAIRMAN GETZ: Well, I hadn't gone into  
5 that depth of thinking at it. I guess what I would  
6 anticipate, rather than holding a exhibit open for the  
7 response, that, through deliberations, we may end up in an  
8 order in this proceeding directing the filing of such a  
9 report. But we need to discuss that among ourselves.

10 MR. LINDER: Okay.

11 CHAIRMAN GETZ: Mr. Henry, did you have  
12 something?

13 MR. HENRY: Yes. Thank you.

14 **RE-CROSS-EXAMINATION**

15 BY MR. HENRY:

16 Q. Mr. Eckberg, or any other member of the panel, would  
17 you agree that there's approximately a universe of  
18 91,000 low income housing units in the State of New  
19 Hampshire?

20 A. (Eckberg) Yes. As here, in Appendix B, on Page 5, the  
21 work of the Low Income Needs Assessment Group, we  
22 estimated a total universe of about 95,000 homes that  
23 were occupied by householders at or below 185 percent  
24 of Federal Poverty Guidelines.



1 Q. All right. And, would you also agree that, even with  
2 the projected increase in cost per home for the low  
3 income program, we're looking at a cost per home of  
4 approximately \$3,800 of investment in energy  
5 efficiency, which is the number I believe that is being  
6 used to project this 36 year "completion" number? And,  
7 would you agree that over any extended period of time,  
8 first, that probably the cost of implementation is  
9 going to rise, and, in addition, that \$3,800 for energy  
10 efficiency is a pretty low number, given what we know  
11 about what the potential for energy savings are in  
12 buildings if more funds were available?

13 A. (Eckberg) That was a lot to agree to I think in your  
14 question.

15 A. (Frantz) I agree with that.

16 Q. I posited it as a question. I would make that as a  
17 statement from what we know, if that's a simple way of  
18 doing it.

19 A. (Eckberg) The number you mentioned, Mr. Henry, 3,800  
20 per household, I believe on Page 3 of this appendix, we  
21 used in our estimation a current average of \$3,400  
22 approximately per household. But that number was  
23 really based upon an estimate of what has been spent  
24 historically in the program. It was not meant to

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1 assess how much could possibly cost-effectively be  
2 spent in total.

3 So, if I understood your question, you  
4 were wondering perhaps if more money could be spent per  
5 home? Was there a component of that in there?

6 Q. I'm just trying to make the point that, to take any  
7 number, like 36 years, to meet the size of this  
8 problem, the problem is even bigger than what we are,  
9 you know, "postulating" at the moment, because more can  
10 be done in each home, and the numbers are very large,  
11 and the increasing cost of implementing that is pretty  
12 much unknown going forward.

13 CHAIRMAN GETZ: Would you agree, Mr.  
14 Eckberg?

15 BY MR. HENRY:

16 Q. Would you agree, Mr. Eckberg, with my assessment?

17 A. (Eckberg) I believe I would agree that there are  
18 certainly -- there certainly exists the possibility to  
19 do more than \$3,400, more than \$3,800 per household, on  
20 a cost-effective basis per household. And, therefore,  
21 yes, the total money that might be needed to serve this  
22 total population might be well beyond what we've  
23 estimated here.

24 MR. HENRY: Thank you.

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1 WITNESS ECKBERG: And, I'll leave it at  
2 that.

3 CHAIRMAN GETZ: Any further questions  
4 for the panel?

5 (No verbal response)

6 CHAIRMAN GETZ: Okay. Hearing nothing,  
7 then, I guess, Mr. Frantz and Mr. Eckberg, you're excused.  
8 Thank you. Let's take a short recess, and then we'll  
9 resume with Mr. Gelineau. Thank you.

10 (Whereupon a recess was taken at 11:39  
11 a.m. and the hearing reconvened at 11:56  
12 a.m.)

13 CHAIRMAN GETZ: Okay. We're back on the  
14 record. Mr. Eaton.

15 MR. EATON: Yes, I have some direct for  
16 Mr. Gelineau.

17 **DIRECT EXAMINATION**

18 BY MR. EATON:

19 Q. Could you tell the Commission what are the services  
20 that are provided in the Home Energy Solutions?

21 A. Yes. The Home Energy Solutions Program provides  
22 overall weatherization services to our electrically  
23 heated customers, as a general statement. The services  
24 include air sealing, duct sealing, a comprehensive

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1 audit. It includes installation of devices that would  
2 save heated water, for example, with low-flow  
3 showerheads, aerators. We also include measures for  
4 lighting, fixtures and bulbs, and, as appropriate,  
5 where we have an opportunity to replace refrigerators,  
6 for example, if it would be cost-effective.

7 Q. And, for Public Service Company, and if you can also  
8 speak to any of the other utilities, has this program  
9 been restricted to just certain customers of the  
10 Company in the past?

11 A. This program has focused on electrically heated  
12 customers. It is not offered as a general program to  
13 all customers. It focuses on electric, electric  
14 customers that have electric heat and high use.

15 Q. And, are you -- is your company proposing to deviate  
16 from that model of the customers that are being served  
17 by Home Energy Solutions?

18 A. Here's the situation. We're kind of at a crossroads  
19 right now. And, we have a situation where we have  
20 offered the program to our electric heat customers, and  
21 they have either participated or have chosen not to  
22 participate at this point. And, so, and looking at our  
23 options, we feel as though we're going to either have  
24 to scale back the program such that we're providing

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1 just services for electric measures, such as lighting,  
2 and eliminate the weatherization component of it  
3 effectively. We'd still have that for those customers  
4 who would come forward and have electric heat and would  
5 look to have that service, weatherization services.  
6 But, as a general statement, we are not going to have  
7 the customer base that we need in order to support an  
8 ongoing program unless we do something. And, so, what  
9 we've looked at is, should we take action to perhaps  
10 scale the program back, just focus on electric  
11 measures, or should we go in the other direction?  
12 Should we look at expanding the program and offering  
13 the program to customers who currently heat their homes  
14 with other fuels?

15 Kind of as a background to that  
16 consideration is the fact that we realize, and it's  
17 been discussed earlier in this proceeding, that there  
18 are RGGI dollars that are available potentially -- not  
19 "potentially", but RGGI dollars that have been  
20 earmarked specifically for the use of trying to help  
21 with this particular problem the state has, where we  
22 need to take care of a large housing stock that needs  
23 improvement.

24 So, what we have seen as an issue is, is

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1           there -- you know, what should we do? Should we, as I  
2           say, scale back or should we move forward? And, I  
3           think that our evaluation of the situation, from, you  
4           know, "can we move forward?", it really hinges on "can  
5           we use the Systems Benefits Charge dollars for things  
6           that traditionally we haven't specifically used it  
7           for?" And, you know, our review, and I think you filed  
8           -- you filed with the Commission yesterday testimony  
9           that would say that our evaluation is that the public  
10          benefits dollars need to be used to provide benefits  
11          related to the provision of electricity, but not  
12          necessarily, strictly speaking, only providing electric  
13          measures, *per se*. And, that we weren't able to find  
14          any prohibitions that would prohibit the use of these  
15          funds for a Fuel Blind Program, for example.

16                         Arguably, if we look at the history,  
17          these programs have been used for non-electric  
18          measures. And, specifically, if we consider the Home  
19          Energy Assistance Program, we do provide those services  
20          to both electrically heated homes and non-electrically  
21          heated homes. And, we also use these funds associated  
22          with health and safety measures for low income  
23          customers, for example.

24                         Arguably, one can say that the Home --

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1       excuse me, that the ENERGY STAR Homes Program is a fuel  
2       neutral program, inasmuch as that program provides  
3       services to any home, regardless of the -- of the fuel  
4       type used for the heating fuel.

5                In another arena, again, kind of looking  
6       at, you know, what has already been done and what the  
7       precedences are out there, if we look at the  
8       cost-effectiveness test that's been in place since the  
9       advent of the Core programs, we see that that does  
10      recognize both the costs and benefits of oil, gas,  
11      water savings. So, it's not just electricity, it's a  
12      combination of these fuels.

13               We also took into consideration the fact  
14      that, if we were to move forward with a fuel such as,  
15      you know, oil-heated homes, we would -- we would, in  
16      fact, be saving that heating fuel during the  
17      wintertime. But, in many cases, those homes also have  
18      air conditioning. And, if we look at one of the  
19      biggest issues that we have from an electric utility  
20      standpoint, it's the peak usage during the summertime,  
21      and specifically that caused by air conditioners. So,  
22      presumably, you know, taking on these other homes would  
23      have some benefits in the electric savings, and  
24      specifically as it might relate to saving energy on

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1 peak.

2 So, there, from an historical  
3 perspective, I think that we have seen that the Systems  
4 Benefits Charge has not been used strictly for electric  
5 savings, but it has reached into other areas as well.

6 Another consideration that we had was  
7 the consideration of, you know, what is the need? And,  
8 I think that the State of New Hampshire has  
9 demonstrated clearly that there's a strong need right  
10 now. If we look at the legislative action, they called  
11 an emergency session this past fall specifically to  
12 address the needs of the heating of New Hampshire  
13 citizens during this coming winter heating season, and  
14 special legislation was passed to allocate, almost on  
15 an emergency basis, some extra funds to help with that  
16 effort. The Governor has been involved in an effort  
17 for a Stay Warm New Hampshire Program. He's also  
18 called a Climate Change Task Force into being, and  
19 they're about ready to issue their recommendations.  
20 But one of things that I can tell you from a  
21 preliminary standpoint, there are some 600,000 homes in  
22 the State of New Hampshire that need improvement, in  
23 terms of their weatherization capabilities. So, there  
24 seems to be clearly a demonstrated need in the state

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1 that is not addressed.

2 I can tell you that, in this past year,  
3 Public Service took upon itself to try and offer a  
4 pilot program that would try and address the needs of  
5 these customers through a -- "these customers" meaning  
6 customers who do not heat with electricity, and we  
7 offered a pilot that was designed to leverage the fact  
8 that we were in the home. And, in addition to the  
9 audit services and the electric measures that we would  
10 install, we offered to provide the services associated  
11 with weatherizing those homes, but the customer would  
12 pay the entire fee. And, so, this was an attempt to  
13 determine whether or not customers would pay for this  
14 service, if, in fact, they had the access to it, and  
15 that the contractors were brought to them and  
16 everything was set up, and maybe "spoon-fed" would be  
17 the right words, in other words, we would pretty much  
18 have everything set up, and the only issue would be  
19 that the customers had to pay for this service. And,  
20 quite frankly, it didn't work. We found that the  
21 customers were not willing to go forward when they had  
22 to pay all of the cost of doing all of the  
23 weatherization.

24 So, that brings us to our current point

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1 in time. And, I guess what we felt was that we stand  
2 ready to offer a program, and Unitil is also in a  
3 position where they would like to offer this service to  
4 their customers, because they are very similarly  
5 situated, in terms of having offered the program to all  
6 of their electric heat customers, we would like to move  
7 forward and offer this program to our non-electric heat  
8 customers. And, I think, at this point, what we really  
9 need is approval from the Commission to take this under  
10 consideration, review the statutes. And, we feel as  
11 though that there's ample evidence that it would be  
12 appropriate to move forward.

13 And, that's where we are. That's a  
14 summation, I guess, of what I think that -- how we've  
15 come to this point, where we are, and what we need to  
16 have to go forward.

17 Q. Have you had an opportunity to provide some more detail  
18 of how PSNH would operate this Pilot Program?

19 A. I have. And, I think that we have distributed -- well,  
20 I don't know if we have distributed, we have a paper  
21 that provides a high-level overview of what it is that  
22 we would propose to do. And, I guess, perhaps you can  
23 distribute.

24 Q. What is the title of that document?

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1 A. "Home Energy solutions - Fuel Blind Pilot Program".

2 Q. And, this basic form, was this discussed at all among  
3 some of the parties in the context, not the details  
4 that you put in, but the form anyway, was that  
5 discussed among the parties in some of the settlement  
6 discussions?

7 A. Perhaps -- This particular document was intended to  
8 answer some questions that had come, had been presented  
9 in the discussions that we had with the parties. And,  
10 I trust that -- I hope that it does meet those  
11 expectations. It's intended to go beyond that and  
12 provide at least the level of detail that we have on  
13 the regular programs presented in the filing. And,  
14 that's the intent of this, of this document, is to  
15 provide some additional detail on what it is that we  
16 might do as we move forward.

17 Q. Could you explain how PSNH would choose customers to  
18 participate in the fuel blind portion of the program?

19 A. Yes. I think I had mentioned earlier in my earlier  
20 testimony that we have already maintained a list of  
21 customers who have sought to participate in the Home  
22 Energy Solutions Program, but who did not have electric  
23 heat. And, we do still have that list of customers.  
24 And, we would propose to start with that list of

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1 customers and work with those customers. We would  
2 propose further that we would treat any additional  
3 customers on a first come/first serve basis. But also  
4 included in here is the concept of a lottery. And, I  
5 will -- the idea of a lottery is, I think, innovative  
6 and something that I would give credit to the Jordan  
7 Institute for having come forward with that. But,  
8 essentially, the idea or one of the issues that the  
9 utilities have had with their programs ever since this  
10 type of program has been available is to try and match  
11 customer demand with what it is that we can actually  
12 deliver. And, so, one of the problems has been, if you  
13 mass market Home Energy Solutions, for example, to a  
14 much larger group of customers than you can serve,  
15 you're going to have -- you're going to end up with a  
16 lot of unhappy people. And, so, we have been very  
17 hesitant to take on the situation or to try and mass  
18 market the program, and then create this expectation  
19 that services might be available, only to find out that  
20 services aren't available, that we don't have enough  
21 money to serve that group of customers. I think that  
22 we see, and not to cast aspersions, but just to expand  
23 the point, I think that, if you look at the  
24 weatherization program that the Community Action

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[WITNESS: Gelineau]

1 Agencies offer, there are at least some 16,000 folks  
2 that are on the waiting list, and they're not going to  
3 be served this year, and probably not next year. And,  
4 earlier testimony we've seen that we have some, just in  
5 the low income area alone, we have some 95,000  
6 households that need service. And, as I pointed out,  
7 the Climate Change Task Force has identified some  
8 600,000 homes that probably could use service.

9 So, given that situation, what do you  
10 do? Well, the suggestion is to do this: Is that we  
11 create a mass marketing, say, to get people interested  
12 in the program, and we market the idea, but we make it  
13 clear that this is a lottery, and you have to kind of  
14 win the lottery before you actually get the services.  
15 So, there would be an interplay there that you would  
16 raise awareness and we would, with that raised  
17 awareness, we would be able to gauge the level of  
18 interest in the state for this type of service. So, by  
19 the response rate, we would get some sense for "this is  
20 the level of interest". But, at the same time, by  
21 making it clear that this is a lottery, it would make  
22 it clear that your actual participation may not be  
23 guaranteed.

24 And, so, after some discussion, it was

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[WITNESS: Gelineau]

1           agreed that we would, Public Service, would be willing  
2           to work with any parties that would be interested in  
3           following up on this and see if we can craft a lottery  
4           that would meet everyone's expectations, and  
5           potentially use that as a means of selecting additional  
6           customers as we might move forward, say, in the 2009  
7           through 2010 heating season.

8    Q.    In your --

9                               MR. EATON:  Mr. Chairman, could we have  
10           this document marked as "Exhibit 4" for identification?

11                              CHAIRMAN GETZ:  Be so marked.

12                              (The document, as described, was  
13                              herewith marked as **Exhibit 4** for  
14                              identification.)

15  BY MR. EATON:

16  Q.    On Page 2 of Exhibit 4, Mr. Gelineau, you estimate the  
17           number of participants that would -- that would be  
18           served under this pilot, based upon their different  
19           fuel type.  Do you believe you already have more than  
20           400 people on your list of customers who have already  
21           showed an interest, and that these households could be  
22           served right from your list, or would you need to do  
23           some more solicitation to achieve your goal of  
24           approximately 435 customers?

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[WITNESS: Gelineau]

1 A. I believe that we'll have to do some additional  
2 solicitation to get -- to fulfill that demand or that  
3 level of expectation for serving those numbers of  
4 customers.

5 Q. And, for your table, are the lifetime kilowatt-hour  
6 savings and the lifetime MMBtu savings, are they  
7 separate or is there a conversion to take one of those  
8 figures and calculate the other?

9 A. What's proposed here for Public Service Company would  
10 be to set separate goals for lifetime kilowatt-hour  
11 savings and the MMBtu savings, where the MMBtu is a  
12 measurement of the savings of the heat that would be  
13 saved as a result of the weatherization for an air  
14 sealing for those homes.

15 Q. And, could you explain briefly what your measure of  
16 success in the market transformation would be?

17 A. What we'd be trying to achieve is one of the things  
18 that can help keep the costs of the program down is  
19 that if everybody you approached agreed to participate  
20 in the program, then you would be, you know, your  
21 marketing would be 100 percent successful. That's not  
22 likely to happen. But what we would like to do is to  
23 get as high a rate as we possibly can, where as many  
24 people who are -- who express interest in the program

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[WITNESS: Gelineau]

1 actually go forward and implement the program. And,  
2 so, we have suggested here that our, you know, our goal  
3 is 80 percent, and, quite frankly, that -- I think that  
4 that's pretty high. It's not an easy -- I don't  
5 believe that will be an easy goal to achieve.

6 Q. Is it your understanding that the money coming from  
7 other sources, such as RGGI or the Renewable Portfolio  
8 Funds, are they restricted to be used only for energy  
9 efficiency programs that reduce electric use?

10 A. It's my understanding that they would be all fuels  
11 based, such that any heating fuel would qualify.

12 Q. And, if the electric utilities applied for these funds,  
13 will the Pilot Program this year provide you some  
14 experience in operating a fuel blind program that could  
15 be adapted to funds that come from RGGI or the RPS?

16 A. Yes, it would do that, and it would also help to ensure  
17 that vendors who are providing these services will have  
18 work to do, such that they would have ongoing use of  
19 their personnel.

20 Q. Do you have anything to add to your direct testimony on  
21 this issue?

22 A. I do not at this time.

23 MR. EATON: Thank you, Mr. Chairman.

24 Mr. Gelineau is available for cross-examination.

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[WITNESS: Gelineau]

1 CHAIRMAN GETZ: Mr. Epler.

2 MR. EPLER: Yes. Thank you, Mr.

3 Chairman. I just wanted to confirm for the record that  
4 the situation that was described by the witness, with  
5 respect to the all electric home customers and the  
6 availability of those customers is similar for Unitil, as  
7 it is for PSNH, and also to confirm that the discussion  
8 that just took place by the witness also applies to  
9 Unitil.

10 CHAIRMAN GETZ: Okay.

11 MR. EPLER: And, also just one other  
12 thing, just to clarify the record. On Exhibit Number 4,  
13 and the second page, in the second paragraph on the back,  
14 under 3, there's a reference to "Company" in the paragraph  
15 beginning "Unitil, and there's also a reference to  
16 "Company" up on top. So, the reference to "Company", with  
17 a large "c", in that paragraph refers to Unitil.

18 CHAIRMAN GETZ: Thank you. Do you have  
19 questions for Mr. Gelineau?

20 MR. EPLER: No, I do not. Thank you.

21 CHAIRMAN GETZ: Mr. Dunn?

22 MR. DUNN: No questions, Mr. Chairman.

23 CHAIRMAN GETZ: Mr. Camerino?

24 MR. CAMERINO: No questions. Thank you.

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[WITNESS: Gelineau]

1 CHAIRMAN GETZ: And, Ms. Morin?

2 MS. MORIN: No questions.

3 CHAIRMAN GETZ: Ms. Doukas?

4 MS. DOUKAS: No questions.

5 CHAIRMAN GETZ: Mr. Steltzer?

6 MR. STELTZER: Yes, I have a few  
7 questions please.

8 **CROSS-EXAMINATION**

9 BY MR. STELTZER:

10 Q. How do you define a "high use energy electric customer"  
11 who would receive services under the Home Energy  
12 Solutions Program?

13 A. "High use", did you say?

14 Q. Correct.

15 A. Thirty kilowatt-hours a day.

16 Q. Is it possible then that some people who are receiving  
17 services through Home Energy Solutions Program could be  
18 a high use customer, but not necessarily be heating  
19 their homes from electricity?

20 A. We also -- There's also a criteria that they need to  
21 have a substantial portion of their home heated by  
22 electricity in order to participate.

23 Q. Do you know what that percentage is?

24 A. I think it's 65, but I'd have to check.

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[WITNESS: Gelineau]

1 Q. On the filing that was submitted this morning, on the  
2 legal finding concerning PSNH, the reference on Page 4,  
3 in the first paragraph there, it states "An efficient  
4 heating system and tight building envelope will permit  
5 the electrically powered components of a heating system  
6 to run -- to run less often." Would this program also  
7 be serving weatherization for homes that are cooled as  
8 well?

9 A. I'm not sure I understand the question.

10 Q. Where I'm trying to go with this is that, would there  
11 be electrical savings that could occur from  
12 weatherization in homes that are heated through a  
13 different fuel type, but might be cooled by an electric  
14 device?

15 A. Yes. And, I think that our understanding of trying to  
16 interpret the results of the potential study is that  
17 that will be in the range of somewhere between I think  
18 50 and 90 kilowatt-hours a year.

19 Q. Okay. In the report, you talk -- in the findings, the  
20 legal findings that were submitted this morning, it  
21 discusses a little bit about how this Pilot Program  
22 will be used to broaden your experience in offering  
23 these services. And, as you've testified today, a lot  
24 these services that you will be providing, if this were

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[WITNESS: Gelineau]

1 granted, are services that are traditionally offered  
2 underneath the Home Energy Solutions Program. Could  
3 you expand on what other experience you're looking to  
4 develop, to get a better sense of what you can do to  
5 offer these energy efficiency programs to other  
6 services, other customers?

7 A. Well, there's a couple of things. One, for the most  
8 part, services are going to be the same. I think the  
9 only service that we're offering that would be -- that  
10 would differ from what we might have in the electric  
11 heat situation would be a combustion test, to ensure  
12 that we're not making a home too tight, and that we're  
13 not causing a problem in terms of air quality. So,  
14 from a standpoint of services, the programs would be  
15 very similar.

16 I think that, you know, some of the  
17 concerns that we have are that, if we just stop  
18 offering these services, we've worked pretty hard over  
19 the years to develop an infrastructure in the state  
20 where there are people that are doing this work. And,  
21 I think that the fastest way to make that go away is to  
22 no longer have that work available for people to do.  
23 Certainly, the work is still there, but this provides  
24 them with an opportunity to, I think, have customers

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[WITNESS: Gelineau]

1 identified and to actually provide customers with some  
2 assistance in actually making it happen. And, it's  
3 been our experience over the last year that that's an  
4 essential part of moving forward, based on our  
5 experience with our pilot. And, I think that that  
6 situation is only -- will only be more so in the  
7 current economic environment, where people are  
8 struggling.

9 I think that another thing that --  
10 another thing that this is -- this won't address the  
11 complete need, but I think that we see that we're going  
12 to need to ramp up significantly, if we're ever going  
13 to get anywheres near the 600,000 homes that need to be  
14 -- need to be weatherized. And, so, I guess, again,  
15 we're trying to -- we're trying to streamline the  
16 process. And, one of the things that we had talked  
17 about in our technical sessions was the idea to move to  
18 a deemed savings approach. So, again, -- So, that is  
19 an example of something that we're looking at doing in  
20 this current program, to streamline the process and  
21 provide a similar or better result with a more  
22 streamlined process.

23 Q. In your testimony this morning, you mentioned how you  
24 would be using a list that has already been established

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[WITNESS: Gelineau]

1 would be -- we would be very much interested in  
2 pursuing this idea of a lottery, where we would be able  
3 to make it more widely known to people, and use that as  
4 a gauge to see just exactly what the demand is out  
5 there, in terms of, if a program were available, would  
6 people actually move forward.

7 Q. On the overview of the Home Energy Solutions Program,  
8 on the second page, you outline the goals for the  
9 different fuel types that you're -- and the number of  
10 participants, estimated number of participants per fuel  
11 type. If the situation were to arise that the  
12 participant level had been reached for a certain fuel  
13 type, and additional customers with that fuel type were  
14 to request the services, however, that participation  
15 level had been met, however, if there were other fuel  
16 types whose participant level hadn't been met, would  
17 the individuals with the fuel type who has been --  
18 whose participation level has been met be offered  
19 services?

20 A. We've done our best, in terms of these "Estimated  
21 Participants", I think is the way the column is  
22 labeled, and I think we've done our best to make a  
23 determination as far as how the participation might  
24 sign up. But I guess I would suggest that we wouldn't

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[WITNESS: Gelineau]

1 feel that those numbers had to be met exactly or that  
2 we would still go and continue to go on a first  
3 come/first serve basis.

4 MR. STELTZER: Thank you.

5 CHAIRMAN GETZ: Mr. Buck?

6 MR. BUCK: No questions, Mr. Chairman.

7 CHAIRMAN GETZ: Mr. Nute?

8 MR. NUTE: Yes.

9 BY MR. NUTE:

10 Q. Mr. Gelineau, in the contractors that will be  
11 delivering this program, are there any changes or are  
12 there any requirements or certifications for these  
13 contractors, performing the audits or doing the work?

14 A. There is no hard and fast requirement. I guess what  
15 we'd be looking for, that what we have done in the  
16 past, is that vendors who have expressed interest in  
17 participating in a program have had to demonstrate to  
18 our satisfaction that they are capable of providing the  
19 services at the prices that the other contractors are  
20 providing them at. And, what we have done is that we  
21 have audited those contractors that are new to the  
22 program. Essentially, we've audited every job, until  
23 we got to the point where we felt that they were --  
24 that we were confident that they were doing quality

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[WITNESS: Gelineau]

1 work, and then we would back away from, say, auditing  
2 every job, and audit -- and reduce that audit  
3 requirement. But, initially, what we do is we look at  
4 -- we make our best attempt to determine that they  
5 have, in fact, been doing this type of work and can do  
6 it to the standards of the program. And, then, we  
7 audit their work when they're actually doing a job for  
8 the program, and before they're set loose, if you will,  
9 or doing the jobs on their own. Even at that point, we  
10 do audit -- we do audit a portion of all of the jobs.

11 Q. And, in the calculation of the savings, are these going  
12 to be like prescriptive measures? Are you going to go  
13 by like a software, are you using a software or  
14 anything on these?

15 A. That would be our intent, yes.

16 MR. NUTE: And, that's it. Thank you.

17 CHAIRMAN GETZ: Mr. Linder.

18 MR. LINDER: Thank you. Mr. Feltes has  
19 some questions please.

20 MR. FELTES: Thank you, Mr. -- There we  
21 go. Thank you, Mr. Chairman.

22 BY MR. FELTES:

23 Q. Mr. Gelineau, you've testified, and it's indicated in  
24 the document that you handed out, that PSNH is going to

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[WITNESS: Gelineau]

1 be working off an existing list of customers that have  
2 expressed interest in the HES Program, but did not  
3 previously qualify. And, going through that list, are  
4 you going to concentrate on higher use customers?

5 A. We were not, to be quite honest, we have not -- the  
6 intent was to go first come/first serve, that was our  
7 intent, as is stated here.

8 Q. Why have you not considered using higher use as a  
9 benchmark to selecting the first or going through,  
10 plodding through the list?

11 A. It just wasn't considered, to be honest. That's not to  
12 say that it couldn't. That may well be a good  
13 enhancement. And, we'd certainly consider that.

14 Q. Thank you. At the end of the first paragraph under  
15 Item Number 2, entitled "Delivery", you mention that  
16 the lottery will "provide an indicator of the level of  
17 customer interest". Do you agree that that's not the  
18 exclusive way of gauging customer interest?

19 A. Is the question that "the lottery would not be an  
20 exclusive way of judging customer interest?"

21 Q. Yes.

22 A. I would agree. It's only going to be one, one figure  
23 of merit.

24 Q. Okay. And, while it is one figure of merit to gauge

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[WITNESS: Gelineau]

1 customer interest or customer demand in the program, it  
2 is not necessarily an indicator of demand for the  
3 services in the open market. Do you agree with that?

4 A. My guess is it would be reflective of it. But, without  
5 having done a marketing study, I guess I can't say for  
6 sure that it would be. But I would expect that, if we  
7 did mass marketing, and it was uniform across the  
8 state, that, you know, that would have a good -- be a  
9 good piece of feedback, in terms of, you know, what the  
10 level of interest might be.

11 Q. You testified that some of the effort, you're going to  
12 provide information to customers about the program,  
13 would you provide information about the services that  
14 will be completed in persons' homes?

15 A. You mean in terms of the specifics of the marketing of  
16 the program?

17 Q. In terms of the specifics of the services that will be  
18 provided in persons' homes, i.e. windows or what have  
19 you?

20 A. I guess I'd characterize that as an open issue. I  
21 think that what we said was we'd work with the parties  
22 to come up with what seems to work. And, I guess we'd  
23 certainly be open to that. My guess offhand would be,  
24 yes, we would certainly, if we were marketing

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[WITNESS: Gelineau]

1 something, we'd have to tell people what it was that we  
2 were -- what we were peddling, before we would be able  
3 to get a good gauge as far as what the interest in that  
4 particular item was.

5 Q. Good. Thank you. Would you also provide some  
6 information about the co-pay that a customer would have  
7 to offer up to get the services?

8 A. Yes. I would expect that would also be part of it. I  
9 guess -- I guess, what I would suggest to you that, if  
10 we're marketing something, we would want to make it  
11 clear as far as what our expectations were and what the  
12 customers' expectations were, such that, when they  
13 call, they've got a darn good idea as to exactly what  
14 they can expect. And, by doing -- having that clarity,  
15 I think that we have the best chance of improving our  
16 participation rate.

17 MR. FELTES: That's all. Thank you.

18 CHAIRMAN GETZ: Mr. Henry?

19 MR. HENRY: Thank you, Mr. Chairman.

20 BY MR. HENRY:

21 Q. Mr. Gelineau, I have a number of questions. The Jordan  
22 Institute has been working for some time to get fuel  
23 blind programs implemented. We think they're, in  
24 general, a very good thing. But, having just seen this

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[WITNESS: Gelineau]

1 for the first time this morning, I'm moving as quickly  
2 as I can to come up with some reasonable questions. In  
3 this presentation, you've indicated that PSNH and  
4 Unutil have made some suggestions on the number of  
5 buildings they might be able to serve. Where is  
6 National Grid and the New Hampshire Electric Co-op?  
7 Are they also considering participation in this  
8 program?

9 A. It's my understanding that both National Grid and the  
10 Co-op, the New Hampshire Electric Co-op, have  
11 sufficient numbers of customers to participate in the  
12 program as it has been offered in the past. So that  
13 they would not be doing the fuel blind portion of it at  
14 this point.

15 Q. Oh, I see. Okay. So, this would be just Unutil and  
16 PSNH?

17 A. Correct.

18 Q. And, you mentioned this "80 percent participation  
19 rate", which I agree is a laudable goal. What has been  
20 the participation rate of all electric customers that  
21 you've had in this program to date?

22 A. I don't know across the board what it would be, what it  
23 is. I can tell you that the most recent statistics  
24 that we had from last year, when we -- we had a

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1 mailing, for example, from last June through I want to  
2 say -- in May, June, July last year, roughly, we sent  
3 out 8,000 letters, and we got a response rate of less  
4 than 4 percent.

5 Q. Of 4 percent?

6 A. Less than 4 percent that even expressed interest.

7 Q. And, that makes an 80 percent goal even more  
8 aggressive?

9 A. That's true. And, I think that, just to give you a  
10 sense, one of the things that we are looking at trying  
11 to consider, first of all, I think, in my discussions  
12 with Mr. Feltes, the idea of being clear up front is  
13 one of the things that we want to do. But we are --  
14 one of the things that we're looking at is the level  
15 that one might have to pay up front, such that, if you  
16 have an upfront co-pay of say -- in order to  
17 participate in the program, there is going to be a  
18 co-pay, as indicated here, but, if that upfront portion  
19 is significant, then it's our feeling that you have a  
20 situation that somebody is very serious at that point  
21 and will likely go forward. So, we would probably look  
22 to have something not insurmountable, but yet  
23 meaningful, such that we can try and weed out those  
24 that are just kickin' the tires.

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[WITNESS: Gelineau]

1 Q. I had a couple of thoughts on other items, besides the  
2 ones you have listed in the "Overview". Are you open  
3 to considering other measures, besides the ones listed  
4 here, specifically things like infrared pictures and  
5 carbon monoxide monitors, exploring air exchange units,  
6 things like that?

7 A. Absolutely, we'd be willing. And, we have done that in  
8 the past as well, in terms of adding to the list of  
9 measures. I think that the criteria that we look at  
10 are cost-effectiveness, and the other thing that we're  
11 going to have to consider is the \$4,000 number. But,  
12 within those parameters, yes.

13 Q. One of the problems with many of these programs up to  
14 now has been that savings have been stipulated, rather  
15 than actually measured. One of the concerns that I  
16 have is to have some kind of a measurement in the  
17 initial audit that might include, say, for instance, a  
18 Hertz rating, and then another rating at the end of the  
19 procedure, to make sure that the measures actually  
20 achieve the program goals. Is that something where we  
21 could get some kind of evaluation and monitoring, maybe  
22 not of every installation, but at least of some, so we  
23 could see more accurately what kinds of savings were  
24 actually being realized?

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[WITNESS: Gelineau]

1 A. Well, let me go back to the first part of your  
2 question. And, I think that you had indicated that  
3 we've "stipulated savings", but we haven't really  
4 "measured them". And, I think what I would do is point  
5 out that we have had these programs evaluated, and, in  
6 fact, so we do have some feedback in terms of what they  
7 actually provide as value. And, that has been  
8 incorporated into the results going forward, in the  
9 so-called "realization rate". So, to the extent that  
10 savings had not been achieved, they're adjusted by this  
11 realization rate. And, to the extent that they're  
12 overachieved, they're adjusted as well. So, I think  
13 that it would be somewhat of a misunderstanding to  
14 assume that we're not doing any measuring on these.

15 In terms of the -- some kind of a  
16 rating, I think that we are proposing that we do do a  
17 blower door test. I think that -- And, I think that  
18 we'd be more than happy to talk to you about, you know,  
19 some other form of rating system that might be  
20 appropriate. We'd be happy to talk about it.

21 Q. Okay.

22 A. I think that -- I am aware of some concerns with that.  
23 I don't want -- So, I think that there would be a  
24 discussion that we'd want to have some assurance that



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1 monies that we've spent on that would actually have  
2 value going forward.

3 Q. Right. And, given that this might be a fairly  
4 significant ramp-up in the number of buildings  
5 available, is there any contemplation here of any kind  
6 of a training component, even on a limited scale, or  
7 could a program like this be incorporated with a  
8 training program, to give sort of practical experience  
9 to potential trainees as we struggle with increasing  
10 capacity to deliver these kinds of services in this  
11 state?

12 A. You're referring to training for providers of the  
13 service?

14 Q. Yes.

15 A. We do do that on an ongoing basis, actually. We have  
16 had that sort of thing. And, we certainly, as we do  
17 something like this, yes, we would definitely look at  
18 some kind of -- there are new components, for example,  
19 the Combustion Appliance Zone test, is something that  
20 we specifically want to make sure is coordinated.

21 Q. This whole issue of utilizing a lottery, which I  
22 congratulate you on thinking it's a good idea, has a  
23 lot of potential components here. Can you explain why  
24 you pick the 75 percent rebate level, *per se*, and could

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[WITNESS: Gelineau]

1 this be more of a sliding scale? And, is there  
2 considerable -- would you be willing to explore various  
3 alternatives or versions of both the rebate level and  
4 how the lottery was administered?

5 A. Certainly, I think that we'd be willing to talk about  
6 it. I think that one of the things that, you know, in  
7 terms of implementing something like that, I think that  
8 it -- we're going to have to fish or cut bait here  
9 shortly. We're almost to the point where we're going  
10 to start doing this. So, I think that, you know, maybe  
11 initially we'd propose that we stay at 75 percent.  
12 75 percent I can tell you is that -- I know that  
13 50 percent was used in western Mass. last year as a  
14 number. It didn't work. It was a failure. They're  
15 going to 75 percent. I can tell you that 75 percent is  
16 a number that is close to what we've been using. We  
17 didn't -- We haven't been doing it on a strict  
18 75 percent basis to date. We've been doing it based on  
19 individual measures. But, if you look at it in the  
20 aggregate, it comes out to about 75 percent. So, there  
21 is some basis for that number. It's not a wild number.  
22 And, I think that, you know, our considerations here  
23 are, as for every rebate, what's the minimum amount  
24 that we can put in to make people go forward. And, we

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[WITNESS: Gelineau]

1 found that, you know, we have some empirical evidence  
2 that would point to 50 percent is too low, this seems  
3 like a good next step.

4 Q. Given this economic situation, and if someone availed  
5 themselves of the \$4,000, that would mean they would  
6 have like a \$1,333 contribution on their part to make  
7 up the remaining 25 percent, if I did my math right.  
8 And, would you consider the possibility of some on-bill  
9 financing of part or all of that contribution?

10 A. Probably not for this pilot, not initially. And, I  
11 only say that in terms of -- in terms of being ready to  
12 do something like that. I think that, would we  
13 consider it going forward? Potentially.

14 Q. It would be worth something to further discuss?

15 A. I think it's one of the things we agreed to in the  
16 Settlement Agreement.

17 Q. Yes. Right. And, then, my last question is, you know,  
18 we have a great concern of what Steve Eckberg and I  
19 have come to call the "bubble group", which is the  
20 group of folks that are just above the low income  
21 rating, running from about 185 percent to 300 percent  
22 of the poverty level, for which there are no programs.  
23 This Home Energy Solutions Program is essentially  
24 designed for all of the folks that do not qualify under

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1 the low income. Would you consider in the lottery  
2 process of giving some kind of preference to people who  
3 could demonstrate that they were in this next group  
4 that is at great potential risk of moving into the low  
5 income group, if they don't get some kind of  
6 assistance?

7 A. I'll offer you my concern with that suggestion, and it  
8 is based on 374-F. Which basically says that we need  
9 to "provide benefits to all customers and not  
10 disadvantage one class based on another class." And, I  
11 guess, inasmuch as -- I understand your concern. I  
12 guess I'm just trying to point out that there is  
13 another concern that, if we -- this bubble group is  
14 not, to my knowledge, it's not widely identified as --  
15 I understand the situation. I think you understand  
16 what I'm saying.

17 Q. Yes. Well, --

18 A. I think that we need to provide services to everybody.

19 Q. Right. I agree. But, given the upfront cost  
20 implication of this group -- of this program that  
21 you're proposing, we might very well end up with a  
22 reverse bias towards the more wealthy members of this  
23 remaining 400,000 homes or 500,000 homes, and only  
24 people who had, you know, an adequate income could

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1       afford to participate in this program. And, I'm just  
2       trying to even out and think about the possibility of  
3       evening out the distribution of this pilot to include  
4       people to whom \$1,300, or some portion thereof, would  
5       be prohibitive. So, recognizing that the group is, as  
6       a whole, the one we're trying to serve, giving some  
7       kind of allocation or awareness of distribution  
8       throughout that whole group is something that I'm  
9       trying to think on my feet and come up with a clever  
10      answer for. But, if you would be willing to consider  
11      that, that would be appreciated.

12    A.    I think that you've pointed out an interesting --  
13        you've made an interesting point relative to whether  
14        there might be a built-in bias here. And, certainly,  
15        I'm willing to, you know, consider anything that is  
16        within the guidelines that we need to adhere to. I'd  
17        also point out to you that, well, without getting into  
18        the mechanics, we don't have any information on income,  
19        other than, you know, those who qualify for the EAP  
20        Program. So, we don't know who the bubble group is,  
21        *etcetera.*

22                                    MR. HENRY: Right. Okay. I agree. One  
23        could design a program that elicited some of that  
24        information, if it was necessary. Thank you. That's the

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1 end of my questions.

2 CHAIRMAN GETZ: Ms. Hatfield.

3 MS. HATFIELD: Thank you, Mr. Chairman.

4 I do want to let the Commission know that I have a  
5 significant number of questions, because we were just  
6 given the proposed implementation details during the  
7 break. And, I think, you know, the types of questions  
8 that you're hearing are really more things that we would  
9 discuss in a technical session. So, I did just want to  
10 alert the Commission that I do have a significant number  
11 of questions.

12 MS. AMIDON: We do, too.

13 CHAIRMAN GETZ: Well, maybe that raises  
14 the question of process, and assuming even if we hear all  
15 the questions, we may still be left with the issue that  
16 there are a number of areas where I guess Mr. Gelineau has  
17 indicated they're prepared to consider amendments or  
18 changes to the proposal. I guess, well, why don't we talk  
19 about process at this point. Because it seems to me that  
20 we may be better to have some kind of conversation and  
21 written responses, and, to the extent there's a meeting of  
22 the minds on what the amendments would be or if there's  
23 some other way of proceeding here might be more efficient.  
24 But, Ms. Amidon, did you --

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1 MS. AMIDON: Well, what I was going to  
2 say is, the Core energy orders that the Commission has  
3 issued in the past has always required the utilities to  
4 come forward with testimony and supporting information  
5 when they proposed a change in the program. I don't  
6 disagree that PSNH talked about a fuel blind program in  
7 the technical session, but literally today is the first  
8 time we've gotten any information on the parameters of  
9 those programs. And, we have serious questions about the  
10 program, in addition, Staff's position is that the statute  
11 doesn't permit the Commission to use electric energy  
12 ratepayers' money that is delivered through the SBC for  
13 anything other than the low income program, which is  
14 different from the energy efficiency program, which is  
15 targeted to kilowatt-hour savings, and not for programs  
16 that have unknown implications as this fuel blind program  
17 would have.

18 So, actually, what we would prefer to do  
19 is to recommend that the Commission not accept a fuel  
20 blind program. And, if you want to direct the parties to  
21 do some other activity in the next quarterly meeting, so  
22 be it. But our interest is getting approval of the 2009  
23 Core proposals as they are in the Settlement Agreement.

24 CHAIRMAN GETZ: Does anybody have any

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1 response to that?

2 MR. EATON: Yes. I think, if the  
3 Commission were to address the program -- certainly, we  
4 don't need to get together and discuss the details of this  
5 program, if you agree with the Staff that we can't use  
6 these funds for a fuel blind program. But that's the  
7 initial question that needs to be answered. And, we've  
8 provided a memorandum this morning which disagrees with  
9 the Staff position. And, I would propose, as far as the  
10 process is concerned, that that question be addressed by  
11 the Commission in its order, and then you could direct the  
12 parties to get together and, if you were to agree with  
13 PSNH, direct the parties to get together to iron out these  
14 details of how the program would be implemented.

15 CHAIRMAN GETZ: Anyone else want to  
16 address that?

17 (No verbal response)

18 CHAIRMAN GETZ: I guess my -- Let me say  
19 this. My initial reaction is, conceptually, the program  
20 has a lot of merit. Now, that's putting aside whether we  
21 have the legal authority to approve it, and which we need  
22 to consider, and it sounds like there's a lot of interest  
23 in some refinements to the proposal. So, I guess my  
24 inclination is, I would like to be able to quickly review

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1 and make some decision on the proposal, to the extent we  
2 could do something in '09, the sooner, the better, I  
3 guess, in general. But, Mr. Linder, did you have  
4 something?

5 MR. LINDER: I did. I think The Way  
6 Home agrees with the observation of Mr. Eaton that, once  
7 the Commission has an idea of conceptually what the  
8 program is, which I think we have enough of that, the real  
9 issue is "can the electric System Benefit Charge funds be  
10 used for a program that would have the general conceptual  
11 description that the Company has come forth with?" And,  
12 the Commission might be interested in hearing the  
13 perspectives of the various parties as to whether these  
14 funds can be used for this purpose. And, the Commission,  
15 if it should ultimately determine that the funds can be  
16 used for this type of purpose, could then direct the  
17 parties, as part of its order, to meet and put more  
18 specifics on the general proposal that's been presented  
19 today, and that would be a priority issue for the parties  
20 to work on, and that the program itself would not go into  
21 effect until such time as a further -- perhaps a  
22 supplemental filing was made with respect to the details  
23 of the program. And, parties could begin to work on that  
24 immediately, so that the program can go into effect early

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1 in 2009. But I think the threshold question is really  
2 whether the funds could be used. You know, we are  
3 prepared to address that question in support of the pilot  
4 proposal.

5 (Chairman and Commissioners conferring.)

6 CHAIRMAN GETZ: Well, let me suggest  
7 this. And, then, I guess, depending on what your reaction  
8 to the proposal is, Ms. Hatfield and Ms. Amidon, whether  
9 you want to ask your questions today or defer them, we may  
10 have some questions from the Bench regardless. But I want  
11 to hear your thoughts on a proposal that we would set a  
12 very quick turnaround date, you know, within a week, for  
13 any legal arguments for or against our authority to  
14 approve such a pilot program. And, then, we would take  
15 that into consideration in issuing our order. And, to the  
16 extent we concluded that we did have the authority, we  
17 would set a fairly quick time for the parties to get  
18 together and see if there's a meeting of the minds on what  
19 the pilot would look like. And, then, we would take that  
20 either joint proposal or non-unanimous proposal under  
21 consideration and apply whatever facets of due process are  
22 required.

23 Does that meet the expectations of the  
24 parties? Is there any objection to that proposal?

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1 MS. AMIDON: Give me a moment please.

2 (Short pause.)

3 CHAIRMAN GETZ: Ms. Amidon.

4 MS. AMIDON: We're fine with the  
5 schedule for legal briefing. However, some of our  
6 argument today or our questions today go to discovering  
7 evidence as to whether it should be approved even if it's  
8 legal. So, if we have an opportunity to ask those  
9 questions as well, after there's a finding of whether it  
10 should go forward or not, then, in other words, we think  
11 it should be subject to two reviews. Whether it's  
12 appropriate use of the SBC monies pursuant to RSA 374-F,  
13 and whether it's an appropriate use of the Core money, if  
14 it is appropriate to use it for the pilot program, whether  
15 it's constructed appropriately?

16 CHAIRMAN GETZ: Okay. Well, we're going  
17 to let you ask whatever questions you want today.

18 MS. AMIDON: Yes.

19 CHAIRMAN GETZ: I guess the question is  
20 whether you need to do it or as part of a second step.  
21 But, Ms. Hatfield.

22 MS. HATFIELD: Thank you, Mr. Chairman.

23 BY MS. HATFIELD:

24 Q. Mr. Gelineau, earlier I think you referred to testimony

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1 that PSNH had filed yesterday. Were you referring to  
2 the legal memorandum that Attorney Eaton filed today?

3 A. I was. I apologize that perhaps I got the dates mixed  
4 up.

5 Q. And, so, you haven't filed testimony, but you filed  
6 your legal argument?

7 A. I will take your word for that. I'm not certain.

8 Q. Turning to what's been marked as "Exhibit 4", I have a  
9 few specific questions for you. As a follow-up to Mr.  
10 Nute's question, will the contractors who are  
11 delivering these programs, will -- before they are  
12 allowed to deliver the non-electric weatherization,  
13 will they have the appropriate training that they need  
14 to address the fact that they are dealing with  
15 combustion appliances, and not just electric heat?

16 A. Yes.

17 Q. And, then, following up on a question that Mr. Steltzer  
18 asked you, I just want to be very clear that, in the  
19 past, in the HES Program, you have only served  
20 customers with electric heat, is that correct?

21 A. We have served -- We have provided weatherization  
22 services only to those with electric heat.

23 Q. And, going forward, under what you're proposing, would  
24 you continue to offer non-weatherization measures,

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1 including lighting and appliances and water saving  
2 devices, to people through this program or would you  
3 only be doing the full range of things, including  
4 weatherization?

5 A. I think that's why we propose this pilot. I tried to  
6 characterize it that we're at a crossroads. I'm not  
7 sure that the delivery approach that we have is --  
8 makes sense, if we move to a situation where we're not  
9 doing weatherization. And, I think that we'd  
10 effectively be at that point, if we do not have fuel  
11 blind weatherization. It's not, you know, the approach  
12 that we're using is not particularly cost-effective,  
13 when you start looking at just delivering light bulbs.  
14 So, it would be -- we would have to reconsider how  
15 we're doing this, and probably the delivery mechanism  
16 is probably not the most cost-effective way to do it.

17 Q. But it's your view that the deliver mechanism is  
18 cost-effective, once you go to a fuel blind approach?

19 A. Right. When we're doing complete weatherization  
20 services, yes. But, if all you're doing is to go into  
21 a home and do an audit and deliver six light bulbs, I  
22 mean, that's not -- that's not cost-effective. There  
23 are better ways to do that.

24 Q. Okay. Mr. Steltzer also asked you about high use

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1 electric customers. And, I think, or you gave an  
2 answer where you said that "those customers who use  
3 about 900 kilowatt-hours a month are 65 percent" of  
4 something, and I didn't catch what they are 65 percent  
5 of?

6 A. What I was suggesting was that there was, you know,  
7 they need a minimum amount of electric heat. And, I  
8 believe it's 65 percent, in order to qualify for the  
9 weatherization services.

10 Q. Right. Sixty-five percent of their heating system is  
11 electric?

12 A. Right. There are many homes that have multiple fuels.

13 Q. Do you know how many customers PSNH has in the  
14 residential sector who are high use, regardless of  
15 whether they use electric heat or not?

16 A. I don't have that number on the top of my head.

17 Q. Do you think it would be possible, before going to a  
18 fuel blind program, to market your programs to those  
19 high use customers, and not require that they have  
20 electric heat, to try to serve more electric customers  
21 with the Core Programs?

22 A. It might be possible to do something for those  
23 customers. Again, I don't think that this program is  
24 the right answer off the top -- I think that we should

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1 reconsider how we're doing this, if we're not going to  
2 do weatherization. This is not -- This would not, in  
3 my opinion, be the low cost way to do it.

4 Q. And, looking at the second page of Exhibit 4, --

5 A. Exhibit 4, is that the --

6 Q. That's what you provided today, which is the "Home  
7 Energy Solutions Pilot Program".

8 A. Okay. Thank you.

9 Q. Sure. On the second page, one thing I don't see is the  
10 benefit/cost ratio for this program. Do you know what  
11 that is?

12 A. I think I have that information. I'm being told by  
13 somebody that "0.90" is what you're saying? Okay,  
14 0.90.

15 CMSR. BELOW: If I could interrupt. You  
16 might look to Appendix A to Exhibit 1, the Core Program  
17 filing, and look on Page 80. And, I think the second  
18 block of lines is the Home Energy Solutions, and under  
19 "PSNH" there's a B/C ratio of "0.90". Does that look  
20 familiar?

21 WITNESS GELINEAU: Yes, I'm familiar  
22 with that. I was looking at another -- I was checking a  
23 different source for -- my anticipation was that we had --  
24 that that was not necessarily the number for this

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1 particular program. But I stand corrected.

2 BY MS. HATFIELD:

3 Q. So, on Page 80 of the filing, does that -- those  
4 numbers incorporate the fuel blind aspect of the Home  
5 Energy solutions Program?

6 A. They do.

7 Q. And, would that be based on looking at both the  
8 kilowatt-hour savings and the lifetime MMBtu savings?

9 A. When you say -- Yes. The cost/benefit ratio would be,  
10 yes, the benefit/cost ratio.

11 Q. I'm looking at the filing on Page 80. And, under "Home  
12 Energy Solutions", it looks like, if I'd reading this  
13 correctly, do you know why, for PSNH, it's "0.9", but,  
14 for Unitil, which it sounds like Unitil is proposing  
15 the same exact pilot, it's "1.9"?

16 A. There was a significant difference between the numbers  
17 assumed for savings for MMBtus.

18 Q. And, why is that?

19 A. It's my understanding that the number that we have used  
20 is a best estimate based on our experience with the  
21 existing programs. And, I believe that Unitil has  
22 similar -- has experience that has pointed them in a  
23 different direction, in terms of having higher savings  
24 based on their experience in programs in Massachusetts.

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1 And, I guess, if they have got anything else to add.

2 Q. And, so, you think it's appropriate for the Commission  
3 to approve a pilot to utilities proposing the same  
4 thing, but with different assumptions going into the  
5 savings for the measures that would be installed?

6 A. I feel as though we have the highest savings number in  
7 the Public Service numbers as I can justify. And, I  
8 can't make it any higher. And, I don't have the  
9 experience that Unitil has.

10 Q. Another number I don't see, which I think might be in  
11 this filing, is the total proposed budget for this  
12 program. Do you know what that is?

13 A. That should be on Page 80 as well. The total is  
14 2 million for all utilities, and the individual utility  
15 budgets are shown there on Page 80.

16 Q. Looking at the first table that's on Page 2 of Exhibit  
17 4, it's the projected benefits for PSNH. And, there  
18 you have listed the different fuel types of customers  
19 that you propose to serve. Do you see that?

20 A. Yes, I do.

21 Q. And, the first column says "Gas". Is that referring to  
22 natural gas?

23 A. Yes, it is.

24 Q. And, why would the electric utilities propose to

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1 provide weatherization services for natural gas  
2 customers, if they might have access to the same  
3 services from their natural gas utility?

4 A. In this instance, it was assumed that that program  
5 would be sold out. I think you're aware that the  
6 amount of funding for that is -- the numbers of  
7 customers that we have in our service territory is  
8 relatively small. So, we've just, for the sake of this  
9 purpose, we've just assumed that that program would be  
10 used for the numbers of customers that would have  
11 natural gas, and these would be in addition to that.  
12 Let's assume there were ten customers in our service  
13 territory that might be served by Northern Utilities.  
14 We're assuming that those ten customers would be served  
15 and paid for by Northern Utilities -- by, excuse me,  
16 Unitil. And, these would be 46 customers that would be  
17 served in addition to those customers.

18 Q. Would the Company consider removing gas customers from  
19 your fuel blind pilot, unless perhaps they live in  
20 Keene and, as far as I know, don't have access to a gas  
21 weatherization program?

22 A. We could do that. I guess what I'd like to -- my  
23 thought might be that we should consider that we try  
24 and set them up for a potentially equal opportunity.

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1 In other words, if -- I don't know offhand how many  
2 customers might be available to be served from the  
3 natural gas utilities. But, if that number is  
4 disproportionate to the actual number of natural gas  
5 customers, then maybe we want to do some natural gas  
6 customers, for example.

7 Q. I also notice that you don't have a line there for  
8 electric customers. Are you not planning to include  
9 customers who heat with electricity in the fuel blind  
10 pilot?

11 A. No, we do have -- there are -- it is assumed that we do  
12 have some electric, it's just not shown on that portion  
13 of it. We have 109 assumed for electric heat in this  
14 proposal.

15 Q. Thank you. And, in order to find that number, would we  
16 look back in the filing and subtract out the different  
17 numbers by the other fuels?

18 A. It's not explicitly shown in the filing. The overall  
19 total number is shown, I think, and you've to got the  
20 number of 435 that are shown for non-electric. We have  
21 109 there -- We have assumed that we have 109 that  
22 would be electrically heated and 106 that would just be  
23 not weatherized.

24 Q. Perhaps that's one thing we could make more clear if

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1 the parties work on this further. And, you've talked  
2 about the fact that you have been keeping a list of  
3 customers who have expressed interest, but who don't  
4 currently qualify, is that correct?

5 A. That's correct. That they don't -- Well, they don't  
6 have electric heat.

7 Q. And, how many people are on that list at this time?

8 A. I don't have that answer, I don't think. We were  
9 trying to find that out this morning, to be honest.  
10 Looks like we're getting --

11 FROM THE FLOOR: Six hundred.

12 WITNESS GELINEAU: Six hundred? Okay.  
13 Approximately 600.

14 BY MS. HATFIELD:

15 Q. When a customer calls PSNH and is interested in  
16 weatherization, do you ask them if they are a customer  
17 of one of our regulated gas utilities, if they heat  
18 with gas, to be able to direct them to those programs?

19 A. I don't know the answer to that.

20 Q. Within the list of measures that would be included in  
21 the program, would furnace tune-ups qualify as an  
22 eligible measure?

23 A. That's not listed on there. But I guess that that  
24 certainly could be, depending on cost-effectiveness

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1           again, but I think that that probably would come to the  
2           top in terms of being cost-effective.

3                       MS. HATFIELD: At this time, I don't  
4           think that the OCA has any further questions. But we  
5           would support the approach that the Chairman outlined  
6           earlier, where, if the Commission does approve the  
7           utilities moving forward with this, we would appreciate  
8           the opportunity to work further with the utilities to  
9           explore what they're proposing. Thank you.

10                      CHAIRMAN GETZ: Thank you. Ms. Amidon.

11                      MS. AMIDON: Yes. Thank you.

12 BY MS. AMIDON:

13 Q.    Earlier in your testimony you indicated that you sent  
14           out letters to your electric heat customers?

15 A.    Correct.

16 Q.    And, you said you had a low response rate to those,  
17           from those letters?

18 A.    Well, I said it was "less than 4 percent".

19 Q.    Four percent.

20 A.    I don't think I characterized it, but that's where it  
21           was.

22 Q.    Did you ever follow up on these letters?

23 A.    Yes, we did follow up on those letters.

24 Q.    How did you follow up?

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[WITNESS: Gelineau]

1 A. We followed up on phone calls mostly, to find out, you  
2 know, why people were not interested in pursuing it.

3 Q. Have you engaged in any other marketing measures to  
4 broadcast the availability of this program to electric  
5 home -- electric heated homes?

6 A. No. In terms of targeted mailing? Other than targeted  
7 mailing, you're saying?

8 Q. I'm saying any other marketing measures?

9 A. We've used targeted mailing to do that. And, to be  
10 honest, we don't really know, we've long since lost the  
11 data that would say if somebody heats with electricity.  
12 So, we don't have, you know, there's no concrete  
13 marketing list, if you would, in terms of people that  
14 heat with electricity. What we have to do is we do our  
15 best to estimate whether or not somebody is using  
16 electric heat based on their usage profile. So,  
17 there's not a list, *per se*, of people that use electric  
18 heat. That's not available.

19 Q. The Staff agrees with the point that Attorney Hatfield  
20 made regarding marketing to high use electric  
21 customers, and not just to electric heat. Wouldn't it  
22 be appropriate to reconsider the requirement that  
23 eligible customers must heat 65 percent of the premises  
24 with electricity?

[WITNESS: Gelineau]

1 A. I'm sorry, I didn't understand the question.

2 Q. To reach these Home Energy Solutions customer  
3 potential, shouldn't you be considering revising the  
4 requirement that they have 65 percent of the residence  
5 heated by electricity?

6 A. Are you suggesting that we should revise that to  
7 something like 50 percent or some other number, so that  
8 --

9 Q. Yes, I am.

10 A. Well, under this proposal, it wouldn't make any  
11 difference how much the proposal is. In other words,  
12 --

13 Q. I'm not talking about the fuel blind proposal. I'm  
14 talking about the Home Energy Solutions as it exists in  
15 2008.

16 A. Doesn't that start to approach being fuel blind at that  
17 point? I guess --

18 Q. It's still taking into consideration high electric use  
19 in the household.

20 A. Okay.

21 Q. Wouldn't you think that would be cost-effective to --  
22 in delivering electric energy savings to lower that  
23 threshold?

24 A. There would be some significant problems just trying,

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1 as I indicated, we don't know who these people are.  
2 And, if they have -- customers that use electric heat,  
3 the only way we have of detecting them is by their  
4 usage profile. And, if, in fact, they don't use  
5 electric heat for a significant portion of their  
6 heating, they're going to be disguised to us even  
7 further. So, it would be difficult to identify that  
8 group of customers. And, I think that, from an overall  
9 programmatic standpoint, what we're dealing with is, do  
10 we have sufficient customers to move forward with a  
11 program like this? Or, if we're going to only focus on  
12 the electric measures, perhaps we should relook at how  
13 we're doing this. We're not delivering these services  
14 in the most cost-effective manner perhaps. And, that  
15 we really need to rethink the whole approach, if we're  
16 not doing -- if weatherization isn't a significant  
17 portion of what it is that you're doing, you'd probably  
18 want to rethink how you're doing it.

19 Q. How do you identify who you're going to send letters  
20 to, if you don't know if they use electric heat?

21 A. As I -- What I was trying to indicate earlier is that  
22 we use a profile, their usage profile. So, what we try  
23 and do is we look at how much electricity is used in  
24 each month. And, for example, we will throw out the

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[WITNESS: Gelineau]

1           shoulder months and look at what they're using during  
2           the heating season. And, if the amount that they use  
3           during the heating season is significantly more, during  
4           the heating season months, is significantly more than  
5           what they're using during the shoulder months, then  
6           we're assuming that that difference is related to  
7           electric heat. And, that's how we -- it's not an exact  
8           science, but that's how we attempt to try and identify  
9           those customers.

10    Q.    Have you ever considered doing some kind of survey to  
11           determine how many customers and which customers were  
12           heating by electricity?

13    A.    We do do a survey to determine customers, but it's not  
14           a survey that you would have to -- it's not a survey in  
15           the sense that you would be checking individual  
16           customers, and then relating that back to that  
17           particular customer record, so that you have  
18           identified, you know, a one -- a relationship between  
19           their heating form and the customer. The surveys that  
20           we might do would be we have a residential survey, for  
21           example, and that residential survey asks people "do  
22           you use electric heat?", for example. And, so, we have  
23           in the aggregate, people reporting that 10 percent of  
24           our customers use electric heat, for example, but we

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1 don't know which of those customers are in that  
2 10 percent.

3 Q. Do you think that administering the Home Energy  
4 Solutions Program you should know that information?

5 A. I think that -- I think that the way that we're doing  
6 it is perhaps the most cost-effective way of  
7 identifying that group of customers.

8 Q. But, to really get the most bang from the buck for Home  
9 Energy Solutions, if you knew who these customers were  
10 and could approach them and educate them about the  
11 program, you might be getting more customers in Home  
12 Energy Solutions, wouldn't you agree?

13 A. I don't agree.

14 Q. And, why?

15 A. Because I think that we are identifying those customers  
16 that are actually using their electric heat. I think  
17 that we -- that the method that we're using does do a  
18 reasonably good job of identifying customers. And, if,  
19 for example, we've identified 8,000 customers who  
20 apparently are using electric heat, and less than  
21 4 percent of them, you know, express interest in it, I  
22 think that the problem is not necessarily identifying  
23 the customers, that there's something else that is at  
24 issue.

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1 Q. Well, do you read everything that comes to you from  
2 your utility? I'm sure a lot of people don't read the  
3 extraneous papers that come in from a utility, wouldn't  
4 you agree?

5 A. My utility is Unitil, and I read every word that they  
6 send to me.

7 Q. But wouldn't you agree that a lot of people wouldn't?

8 A. Perhaps.

9 Q. Perhaps? I was looking at a data response that -- it's  
10 a data response that the Core management team prepared  
11 to OEP-1, Page 2 of 2. And, what it lists is a summary  
12 of the program changes between 2008 and 2009. And, in  
13 terms of percentage changes, it looks like the -- and  
14 with the exception of ENERGY STAR Homes, the programs  
15 that are taking the biggest hit are C&I New Equipment  
16 and Construction, which is the budget is down by  
17 6.6 percent; the Large C&I Retrofit, which is down by  
18 6.1 percent; and Small Business Energy Solutions, which  
19 is down by 8 percent. Why -- And, I also note that in  
20 the filing I believe these programs, if you look at  
21 that Page 80, I think these programs have a higher  
22 cost/benefit ratio than the Home Energy Solutions  
23 Programs. Wouldn't it be prudent for the Company to  
24 devote more money to these programs that have -- that

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1 have high benefit/cost ratios, when it comes to  
2 electric energy efficiency and reduction of  
3 kilowatt-hours?

4 A. This comes back to the basic premise as to how we  
5 allocate funds. And, I think that, broadly speaking,  
6 what we do is we take the Low Income Customers Program,  
7 and we take that money off the top and set that aside,  
8 so all customers participate or pay into that equally.  
9 From there, what we do is we divide the pie up, the  
10 remaining dollars, in proportion to the contribution  
11 from the individual customers. And, we have, you know,  
12 that has been our interpretation of the statute, which  
13 says that we need to provide services to all customers  
14 fairly and equitably. And, I've always tried to be  
15 pretty open about that. And, that's our  
16 interpretation. That's why we do it and that's our  
17 interpretation of what the statute is. So, that's been  
18 our guiding principle. And, to the extent that that's  
19 incorrect, then maybe we've been dividing it up wrong.  
20 But you're absolutely right in terms of recognizing  
21 that commercial and industrial customers have a much  
22 better payback, in terms of the amount of savings.  
23 They represent less than two percent of the customers  
24 participating in the programs, but more than 75 percent

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1 of the savings.

2 Q. Well, even some of the residential programs, like Home  
3 -- ENERGY STAR Lighting and ENERGY STAR Homes and  
4 ENERGY STAR Appliances have higher cost/benefit ratios.  
5 If you were going to reallocate money from Home Energy  
6 Solutions, which is a residential program, wouldn't it  
7 be appropriate to look at more cost-effective programs  
8 that also serve residential customers or did you even  
9 consider it?

10 A. We're certainly aware that those other programs do have  
11 a higher benefit/cost ratio. And, if you just -- if  
12 you use that as the only criterion, all of the money  
13 would be in the Lighting Program.

14 Q. That's not what I said. What I said was, did you  
15 consider, given the fact that you had some what you  
16 thought extra money in the Home Energy Solutions, which  
17 are going elsewhere, did you consider allocating those  
18 funds to these other residential programs?

19 A. We -- No. We considered having -- We considered the  
20 proposal that, you know, that we've put forth is what  
21 we considered.

22 Q. So, you didn't consider that. Okay. I think Mr. Nute  
23 touched on this. Have you considered the -- or do you  
24 have any idea of the impact that expanding this program

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1 would have on other small businesses that offer this  
2 type of service to oil and natural gas customers?

3 A. I'm not sure I understand the question. You're saying  
4 -- You're suggesting that "did we consider the impact  
5 to people that would offer weatherization services to  
6 oil and natural gas customers?"

7 Q. Right. There are a lot of small businesses that are  
8 offering weatherization to customers who can't get it  
9 through an electric heating program, and that these  
10 small businesses are offering these services to  
11 customers. And, so, you're essentially competing with  
12 them. Do you have any idea what the impact will be on  
13 these businesses?

14 MR. EPLER: I'm going to object to that  
15 question. There's no evidence in the record that there  
16 are competing programs that are subsidized that offer  
17 these services.

18 MS. AMIDON: No, I think -- well, I  
19 refute the objection, because, first of all, I mean this  
20 is a subsidized program. So, by offering an incentive of  
21 75 percent toward the weatherization costs, PSNH is  
22 competing with other companies, small businesses, who  
23 offer weatherization without that subsidization.

24 BY MS. AMIDON:

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1 Q. So, my question is right on point. Did you consider  
2 the impact this would have on those, and the fact that  
3 you're offering a subsidy, would have on these small  
4 businesses? And, I think --

5 CHAIRMAN GETZ: Well, Mr. Epler, I think  
6 your premise is different from the question. So, I'm  
7 going to allow the question.

8 **BY THE WITNESS:**

9 A. I guess what I'd point out is the fact that Public  
10 Service offers these programs through these third party  
11 vendors. And, in fact, when we run across a situation  
12 like this, we do offer those vendors an opportunity to  
13 participate in the programs, such that they would be  
14 able to offer those same benefits to the customers  
15 through the -- in effect, so their customers would be  
16 able to get the subsidy as well.

17 BY MS. AMIDON:

18 Q. Okay. Looking at what has been marked for  
19 identification as "Exhibit 4", if I can find it. Here  
20 we go. In 3, you have, which says "Goals/Benefits",  
21 there is a graph which indicates in different columns  
22 the program, the measure, estimated participants, fuel  
23 type, lifetime kilowatt-hour savings, and lifetime  
24 MMBtu savings. What is the percentage of the fuel

[WITNESS: Gelineau]

1 blind savings that are expected for fossil fuel related  
2 savings versus electric related savings, based on the  
3 numbers that you have there?

4 A. I'm trying to understand the question.

5 Q. Well, let's look at your lifetime kilowatt-hour savings  
6 for oil customers, it's "1,663,741". If you assign a  
7 cost to that, you multiply it by that cost factor, say  
8 13 cents, and then that results in a total dollar  
9 figure. If you take the 75 -- If you look at the  
10 "Lifetime MMBtu" in the same line, it's "75,818". You  
11 take another cost factor, multiply the 75,000 by that  
12 cost factor, and you have a result. Then, you compare  
13 those two results, and proportionately, in other words,  
14 one might equal, say, 22 percent, another one might  
15 equal 78 percent. So, I'm just trying to find out what  
16 you -- how you see the overall electric savings, oil  
17 and electric savings, based on your exhibit?

18 A. So, what percentage of the savings is associated with  
19 the electricity and what percentage is associated with  
20 the other fuel?

21 Q. Yes. But I'm looking at oil in particular. And, if  
22 you can't do the calculation, I'll take that as a  
23 record request.

24 A. Okay, that might be -- I don't have the answer right



[WITNESS: Gelineau]

1 off the top of my head here.

2 CHAIRMAN GETZ: Okay. We'll reserve  
3 Exhibit 5 for that record request and response.

4 **(Exhibit 5 reserved)**

5 BY MS. AMIDON:

6 Q. And, you probably don't have the answer to this  
7 question as well. But, historically, what is, in this  
8 program, what is the percentage of electrical Core  
9 Program savings in the same category on the electric  
10 savings percentage and non-electric savings?

11 A. When you say "historically", --

12 Q. Maybe you could go by, you know, year by year, and  
13 compare the proportion of electric savings to  
14 non-electric savings.

15 A. Okay. We can try and do something on a "best effort"  
16 basis. Realize that we don't have information on what  
17 can really -- what is really saved, inasmuch as we  
18 don't -- we don't have people's oil meter, we don't  
19 have, you know, there's -- it's not an exact science by  
20 any means.

21 Q. But you're basing your participant incentive on MMBtu  
22 savings, right? I mean, it's right here in this  
23 exhibit.

24 A. We are estimating what the savings would be on an MMBtu

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1 basis for participants in the program, that's correct.

2 Q. Well, how did you derive the estimate then?

3 A. We have a model that can determine what the -- that is  
4 used to evaluate what's a reasonable amount of savings  
5 associated with insulating a particular home, and that  
6 drives that result.

7 When you said "historically", that to me  
8 suggests that you want actuals. And, we really don't  
9 have a way of measuring those actuals. And, I think  
10 that's my point. In other words, with electricity, we  
11 have the meter, we know how much they used before, we  
12 know how much they use afterwards, we have that  
13 information, or at least we've got some real data.  
14 It's not the same thing when you start talking about  
15 what we have on the fossil fuel end.

16 Q. So, -- But, if you look at the "Lifetime kilowatt-hour  
17 savings" and the "Lifetime MMBtu savings", which would  
18 have more accuracy?

19 A. For what you see right there, they're probably both  
20 equally accurate. And, I say that because they both  
21 come from a model.

22 Q. The Core Program expects 567,000 in Forward Capacity  
23 Market proceeds. Is the fuel blind program expected to  
24 have any impact on the Forward Capacity Market

[WITNESS: Gelineau]

1 proceeds? And, if so, what are they?

2 A. I would say that they would be negligible.

3 Q. Are you going to propose performance incentives on a  
4 budget that pertains to both electric and fossil fuels?

5 A. The proposal, as it's outlined in the Exhibit 4,  
6 suggests that we would use the savings and costs  
7 associated with the fossil fuels in determining the  
8 benefit/cost ratios. And, we would not plan to use  
9 anything else, at least that Public Service's plan was  
10 not use it in any other way. I believe that Unitil  
11 planned to convert the savings of MMBtus to  
12 kilowatt-hours and include that in their goal for  
13 savings.

14 MS. AMIDON: Thank you.

15 CMSR. BELOW: Sure.

16 BY CMSR. BELOW:

17 Q. Do you know why Unitil assumed no kilowatt-hour savings  
18 from oil heat weatherization? Was that just a  
19 simplifying assumption or --

20 A. I frankly would like to direct that question to them.  
21 I don't feel qualified to answer that.

22 Q. Okay. You assumed some savings. Is that because you  
23 assumed that some of the homes might have air  
24 conditioning load that's reduced and others might have

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[WITNESS: Gelineau]

1 reduced fan, motor, pump electric usage?

2 A. In terms of the lifetime kilowatt-hour savings shown  
3 here?

4 Q. Yes.

5 A. No. There would be lighting measures installed. In  
6 other words, all of the other lighting -- all of the  
7 other measures that we might see installed in the home  
8 would be captured in that lifetime kilowatt-hour  
9 savings.

10 Q. So, you're not assuming any electric savings that might  
11 come from more efficient or less usage of the  
12 non-electric heating appliances or from reduced air  
13 conditioning load? Or, you're not sure?

14 A. I'm not sure about that.

15 Q. Okay.

16 A. I don't think it's significant. I mean, there's some.  
17 But I, you know, I don't know where that's in the  
18 model, I don't believe it is.

19 Q. And, you commented that, in your experience, many homes  
20 have more than one source of heat. Do you have any  
21 sense of whether there's any significant number of  
22 homes that have some electric heat that maybe  
23 supplements a primary heating source, because people  
24 have cold spots or draft areas where they put in a

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[WITNESS: Gelineau]

1 little electric supplemental heat?

2 A. You mean like a room heater?

3 Q. Yes.

4 A. I don't know whereas we have any statistics on that,  
5 *per se*.

6 Q. Okay. But your model wouldn't capture, for instance,  
7 if somebody who had oil heat or weatherized and reduced  
8 drafts by air sealing, that that might mean they would  
9 reduce a supplemental electric heat source, you don't  
10 have any modeling of that?

11 A. It's based on the total heating requirements of the  
12 facility. And, in this case, we didn't try and model,  
13 you know, a dual fuel situation, we said, you know,  
14 it's going to be a lot of oil, for example. And,  
15 typically, what we've done there is it -- it's the same  
16 assumption on all of the fuels. It's, in all cases, I  
17 think it's 17, it's 17 MMBtus per household on all of  
18 those fuels. So, they're all equivalent, it's just  
19 that different numbers of units that result in the  
20 different numbers that you have there.

21 Q. And, just to be clear, I think what you were explaining  
22 earlier, that the table on Page 80, the proposed  
23 budgets, with participation and savings goals, that you  
24 have shown in that you filed 650 number of units, and

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1 Unitil had 85. And, part of what you're -- do I  
2 understand correctly that what you're saying is that  
3 maybe when you filed this or at one point in time in  
4 past years that number would represent the number of  
5 primarily electrically heated homes, meaning 65 percent  
6 or more that would participate. And, what you're  
7 requesting here is, by opening it up to on a more fuel  
8 blind basis, that you'd still expect to serve about 650  
9 units and in Unitil 85 units, and that breaks down to  
10 435 that's on the chart for oil, LP, or gas, 109 for  
11 electric heat, and 106, which would be served perhaps  
12 because they have an audit and some measures, but not  
13 including weatherization measures?

14 A. Correct.

15 Q. Might include the refrigeration vouchers and lighting  
16 and things like that, is that correct?

17 A. Uh-huh. Yes.

18 Q. Okay. And, do you have any data on past program  
19 performance, in terms of what, on average, what has  
20 been the energy savings, after the measures are  
21 installed, compared to before, as a percentage of the  
22 original savings, like 5 percent, 10 percent,  
23 15 percent?

24 A. In terms of how much savings there has been after the

[WITNESS: Gelineau]

1 weatherization?

2 Q. Right.

3 A. I think that 15 percent is probably a good ballpark  
4 number.

5 Q. Okay. And, that would be 15 percent just on electric,  
6 because that's all you've really looked at or what the  
7 program has been focused on?

8 A. Right.

9 Q. Okay. Oh, one more question to clarify on the first  
10 page of Exhibit 4. The proposed incentive is  
11 75 percent of the installed cost, up to 4,000. That  
12 means the incentive would be up to 4,000, so the total  
13 installed cost might be proportionally more?

14 A. Correct.

15 Q. And, the 75 percent, you're saying, is roughly speaking  
16 in aggregate what you've done historically in this  
17 program?

18 A. That's correct.

19 CMSR. BELOW: Okay. That's all.

20 CHAIRMAN GETZ: Redirect, Mr. Eaton?

21 MR. EATON: No thank you.

22 CHAIRMAN GETZ: Okay. Then, the witness  
23 is excused. Thank you, Mr. Gelineau. Is there any  
24 objection to striking identifications and admitting the

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1 exhibits into evidence?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing no objection,  
4 they will be admitted into evidence. Is there anything we  
5 need to address before we provide an opportunity for  
6 closings?

7 (No verbal response)

8 CHAIRMAN GETZ: Before we get to that,  
9 let me just point out that we'll set -- well, let me put  
10 it in the form of a question. Is there any problem with  
11 setting close of business next Wednesday as the deadline  
12 for filing of legal memoranda regarding the Commission's  
13 authority to approve the proposed pilot?

14 (No verbal response)

15 CHAIRMAN GETZ: And, I take it, and this  
16 is more for Staff, in terms of order of -- normally, we  
17 try to get the order on the Core Program out before the  
18 31st.

19 MS. AMIDON: That's right.

20 CHAIRMAN GETZ: So, if we got briefs on  
21 I think next Wednesday, the 17th, I guess there doesn't  
22 seem to be any real obstacle for us in getting the order  
23 out by the end of the year.

24 MS. AMIDON: As long as the Commission



1 has meetings before the end of the year, we can get the  
2 order out before the end of year.

3 CHAIRMAN GETZ: Okay.

4 MS. AMIDON: I did want to make one  
5 procedural observation. In addition to the petition,  
6 there is a pending Motion for Protective Order, which I  
7 will be addressing in my closing, but I just wanted the  
8 Commission to know that's another item in the docket that  
9 needs disposition.

10 CHAIRMAN GETZ: All right. Thank you.  
11 And, then, I guess, in terms of closings, there's been a  
12 lot of talk about proposed differences or amendments to  
13 the Pilot Program, presuming we did have the authority and  
14 to decide to go ahead with it. But I guess -- So, rather  
15 than have folks give us details about how they would do  
16 things differently, what I would like to hear, to the  
17 extent that there are parties who think, regardless of how  
18 the program were designed, that they think that the whole  
19 concept is not a good thing, if they could put that on the  
20 record before we close today.

21 So, with that, let's start with Mr.  
22 Eaton.

23 MR. EATON: Thank you, Mr. Chairman. I  
24 would like to recommend that the Commission adopt the

1 Settlement Agreement. It's a part of a great deal of work  
2 by all the parties to come to resolution on these issues.  
3 With respect to the Fuel Blind Pilot Program, our  
4 memorandum suggests that it is legal to do that. We also  
5 think it's appropriate to do that, given the fact that,  
6 from Mr. Gelineau's testimony, the options available to us  
7 to deliver services to the residential class in this area  
8 are not very cost-effective. They would default back to  
9 providing more lighting, and not really addressing the  
10 overall home energy needs of the customer.

11 With respect to the Motion for  
12 Protective Order, we don't think there's any need that the  
13 public see the names of customers who receive services  
14 under this, under this program. We think that whatever  
15 analysis the Commission needs to do or the Staff needs to  
16 do, regarding customers who have -- who have used the  
17 program once or several times, it doesn't matter who that  
18 is for analytical purposes. The purpose of the open  
19 meeting law and open records law is to see how the  
20 Commission does its job, not how people do their own  
21 business. And, we think it would have a chilling effect  
22 upon participation, if customers knew that their names  
23 were being made public because they participated.

24 Thank you, Mr. Chairman. That's all I

1 have.

2 CHAIRMAN GETZ: Mr. Dunn.

3 MR. DUNN: Mr. Chairman, I have nothing  
4 to add to what Mr. Eaton just had to say, except I would  
5 also note that the full legal analysis of the utilities,  
6 with respect to the Motion for Protective Order, is also  
7 laid out in the motion itself. Thank you.

8 CHAIRMAN GETZ: Thank you. Mr. Epler.

9 MR. EPLER: Yes, Mr. Chairman. Thank  
10 you. Similarly, I echo the comments of Attorney Eaton,  
11 that we are supportive of the Settlement Agreement. We  
12 believe the Commission has the authority necessary to  
13 approve the Fuel Blind Pilot. And, we'll address  
14 additional comments to that by close of business  
15 Wednesday, and also support the Motion for Confidential  
16 Treatment.

17 CHAIRMAN GETZ: Thank you. Mr.  
18 Camerino.

19 MR. CAMERINO: Thank you, Mr. Chairman.  
20 National Grid supports the Settlement Agreement as filed,  
21 and at this time takes no position on the fuel blind  
22 proposal.

23 CHAIRMAN GETZ: Ms. Morin.

24 MS. MORIN: DES supports the Settlement

1 Agreement. And, we are supportive, with contingency and  
2 further clarification, of the Fuel Blind Pilot scale  
3 study.

4 CHAIRMAN GETZ: Ms. Doukas.

5 MS. DOUKAS: Yes. Wal-Mart does not  
6 oppose the Settlement. But, at this time, takes no  
7 position on the Pilot Program.

8 CHAIRMAN GETZ: And, Mr. Steltzer.

9 MR. STELTZER: Yes. OEP agrees to the  
10 Settlement. Pertaining to the Home Energy Solutions  
11 Program, we are in support of funding from SBC charges  
12 going towards a fuel blind program. We'll lay that out in  
13 the legal memorandum. We do have still some remaining  
14 concerns about the program itself and how it will be laid  
15 out.

16 CHAIRMAN GETZ: Thank you. Mr. Buck.

17 MR. BUCK: Thank you, Mr. Chairman. We  
18 do support the Settlement Agreement as presented. And, in  
19 terms of the Pilot Program, we certainly would be in favor  
20 of moving forward, subject to final details.

21 CHAIRMAN GETZ: Thank you. Mr. Nute.

22 MR. NUTE: Yes. The Community Action  
23 Agencies are in support of the Settlement Agreement, and  
24 also in support of the Fuel Blind HES Program.

1 CHAIRMAN GETZ: And, Mr. Linder.

2 MR. LINDER: Mr. Chairman and,  
3 Commissioners, appreciate the opportunity to be  
4 participating in this program. The parties have worked  
5 very hard since filing, and even before, to attempt to  
6 come up with solutions to problems. And, one of the items  
7 that the parties worked on very diligently was the budget  
8 for the Low Income Program. And, we want to thank the  
9 parties for all their efforts in that regard. The budget  
10 has been increased. The number of units that will be able  
11 to be addressed in 2009 is lower than 2008. The  
12 Attachment B or Appendix B to the Settlement Agreement  
13 lays out graphically what the need is in this area.

14 One of the items that we are hoping that  
15 the parties will address in the meetings that are going to  
16 be scheduled in 2009 to address difficult issues that have  
17 not been able to have been resolved by the settlement is  
18 the use, if at all, of the renewable funds and the RGGI  
19 funds. And, with respect to the RGGI funds, there is a --  
20 the legislation contemplates, I believe, that a portion of  
21 it be used for energy efficiency programs. One of the  
22 goals of our group has been "How can we best coordinate  
23 the delivery of services? How can we integrate the  
24 various sources to provide the most cost-effective

1 beneficial services to result in energy savings?" And, it  
2 may be that the RGGI funds or a portion of them could be  
3 available to supplement the delivery of some of these Core  
4 programs and would provide a very cost-effective way of  
5 delivering the services.

6 The question of the proposal for the  
7 Pilot Program is also -- it also involves the overarching  
8 issue of integrating as best we can the delivery of  
9 cost-effective services to result in energy savings. The  
10 issue of the legality of using the electric SBC funds for  
11 purposes proposed in the pilot, in a number of ways, fits  
12 in with some of the statutory language of the  
13 restructuring statutes. And, when one looks at the  
14 restructuring statutes, there is reference to "electric  
15 savings", but there is also reference throughout to  
16 "energy savings". And, it is often difficult to separate  
17 the two. And, providing services that will promote both  
18 electric savings and energy savings appears to us to be  
19 one of the purposes of the statute, particularly one major  
20 focus of the statute, the 374-F:3, X, is that  
21 utility-sponsored energy efficiency programs should target  
22 cost-effective opportunities that may be otherwise lost  
23 due to market barriers. And, it appears to us that a  
24 pilot program to provide fuel blind services in the

1 residential weatherization program would certainly promote  
2 that legislative goal. We cannot find at this point any  
3 express prohibition in the restructuring statutes against  
4 using electric SBC funds that would result in promoting  
5 savings for electric, as well as other energy fuels.

6 It seems to me that this, the concept  
7 for the pilot, would promote the statutory goals, among  
8 the other purposes that were laid out in the legal  
9 memorandum filed by Public Service. Accordingly, our  
10 client feels that it's not only good public policy to do  
11 this pilot, but that there is also legal authority for it,  
12 as we have just laid out.

13 And, just to come around full circle to  
14 where I began, we wanted to thank the other parties in  
15 this case for all their efforts in trying to identify and  
16 address the numerous difficult issues that are raised by  
17 this proceeding, some of which we were able to resolve in  
18 the Settlement Agreement, which we support, others which  
19 are going to be on the table for meetings in 2009.

20 Procedurally, though, the way that these  
21 Core dockets have been laid out is that the time frame is  
22 such that it doesn't give the parties or the Commission  
23 the luxury of the kind of deliberative process and debate  
24 and study that is needed for these issues. Some of these

1 issues have been deferred basically from one year to the  
2 next. And, perhaps there can be some way to engineer a  
3 process for a filing with a prompt resolution of whether  
4 the Core programs can proceed for the following year, and,  
5 at the same time, give the parties the opportunity to  
6 really dialogue the issues and have a way to explore them  
7 in depth and attempt to resolve them. I think the efforts  
8 of the parties in this case have been no less than heroic  
9 over the past month or so in trying to resolve that.

10 So, we wish to thank the Commission for  
11 the opportunity to participate in this proceeding.

12 CHAIRMAN GETZ: Okay. Thank you. Mr.  
13 Henry.

14 MR. HENRY: Yes. Thank you. Do you  
15 mind if I address you sitting down?

16 CHAIRMAN GETZ: Please.

17 MR. HENRY: The Jordan Institute has  
18 participated in this, and we do support the Settlement  
19 Agreement. However, I'd like to make a few comments. We  
20 are concerned particularly on this Pilot Program at the  
21 late date at which the specifics of this were introduced.  
22 I think the devil is in the details on these kinds of  
23 things, and I look forward to working with the Companies  
24 to try and hammer out a program that makes a lot of sense.



1 We feel strongly that we need to bring the gas and  
2 electric efficiency programs together under one roof. I  
3 think this would be more cost-effective. And, it  
4 logically, with the same companies owning these disparate  
5 components, leads to a fuels blind approach in the future.  
6 How we get there still needs some work. But I think that  
7 that's where we should be going, with one energy  
8 efficiency program covering as many fuels as we can  
9 incorporate.

10 In addition, I think, as we get into the  
11 specifics of ways of financing and encouraging more energy  
12 efficiency implementation, the on-bill financing, the  
13 Smart Start expansion, is a very important component of  
14 this that can further leverage the work that needs to be  
15 done.

16 And, then, I would just reserve one  
17 caveat, and that is we do have some concerns about the  
18 utilities' ability to deliver these services in the best  
19 possible way. And, I think, on all fronts, we should keep  
20 an open mind to the utilities as being one mechanism of  
21 delivery, but there may be other mechanisms of delivery as  
22 well, that either complement or supplement the programs  
23 that we've had to date.

24 But we are supportive of the Settlement,

1 and look forward to working out the details on the pilot,  
2 and think we are moving in the right direction. Thank  
3 you.

4 CHAIRMAN GETZ: Thank you. Ms.  
5 Hatfield.

6 MS. HATFIELD: Thank you, Mr. Chairman.  
7 And, I thank the Commission for your very close attention  
8 to this issue over the last four hours. I want to begin  
9 by saying that we do support the Settlement Agreement, and  
10 I echo the prior comments about the heroic efforts in the  
11 last six weeks to try and pull this together. A few  
12 thoughts about the wide range of issues that we've  
13 discussed today.

14 The Fuel Blind Pilot really presents a  
15 conundrum for the OCA, because we obviously strongly  
16 support efforts to increase the availability of  
17 weatherization programs to all residential customers in  
18 this state. We do have some serious reservations, both  
19 about the legal authority to do so, which we will fully  
20 cover in our legal memorandum, but we also continue to  
21 have concerns about what the utilities have proposed that,  
22 as other parties have said, we just received today.

23 Most notably, I think, aside from all of  
24 the details, is the fact that what they have proposed is

1 less than a 1.0 in a cost/benefit ratio. And, we really  
2 think that, if we're looking at the statute, which talks  
3 about "cost-effective energy efficiency", we really have  
4 to keep in mind that programs do need to be  
5 cost-effective. I think we've all agreed for a long time  
6 that we should do low income programs even if they aren't,  
7 but, for others, we really should be striving for that  
8 goal.

9                   With respect to the use of either the  
10 RPS or the RGGI funds, the OCA strongly supports the  
11 language that is included in the Settlement Agreement. It  
12 really is our view that, partly possibly because of the  
13 timing of how quickly this docket happens, the utilities  
14 did not bring forward anything specific. And, we really  
15 do support the rules process that the Commission has  
16 established for distributing the RGGI funds. And, from  
17 our perspective, the RGGI funds really need to be focused  
18 on stimulating the non-utility market for delivery of  
19 energy efficiency. During the RGGI bill process, that  
20 really was one of the things that the OCA thought was the  
21 most exciting about the RGGI funds, is that they will be  
22 available to everyone in the state, they are fuel blind.  
23 And, so, to foreclose opportunities for others in the  
24 market to come forward with innovative new ways that don't

1 have to follow the program rules of the Core Programs, we  
2 do think would be potentially a lost opportunity.

3 I also do have to mention just the  
4 general timing of this docket. I completely agree with  
5 Mr. Linder that it's extremely difficult for all of the  
6 parties, I think, to try to address all of the complex  
7 issues in this case in such a short time frame. But, more  
8 broadly, I think the state really is at a fork in the road  
9 when it comes to delivering efficiency programs. And,  
10 there are so many exciting opportunities on the horizon,  
11 including things that have been mentioned, like the  
12 Governor's Climate Change Task Force, which I think will  
13 be full of very strong recommendations about the need for  
14 the state to aggressively go after the energy efficiency  
15 potential that is out there. We have the Energy  
16 Efficiency & Sustainable Energy Board that is also tasked  
17 with developing a plan to achieve our efficiency  
18 potential. The Commission, as was mentioned earlier, has  
19 created a Sustainable Energy Division, which we are very  
20 excited about.

21 And, I think that that really  
22 underscores something that Mr. Henry touched on, which is  
23 that we must, in the next year, look at all of these  
24 disparate programs and think about them from a customer's

1 perspective. How does a customer, whether it's a low  
2 income person or the biggest employer in the state, how do  
3 they access these programs that they are paying for in the  
4 simplest way? And, how do we get the word out and how do  
5 we get people to understand that, even if they have to do  
6 a co-payment, they will see the benefits of energy  
7 efficiency investment so quickly that it does make sense?

8 And, I also think that some of the ideas  
9 in the Fuel Blind Pilot and some of Commissioner Below's  
10 questions about innovative new programs that we don't have  
11 a chance to look at really call on us all to take a much  
12 more integrative look at how we deliver efficiency in this  
13 state. So, I'm excited about where we are as a state, and  
14 I think '09 is going to be a big year for these programs  
15 and the others.

16 But, you know, we do have concerns about  
17 the pilot and how it fits into all of that, and we will  
18 address that in our additional filing. And, if the  
19 Commission does approve the pilot, we do think  
20 considerable additional work is needed, and we will make  
21 the time to do that work. Thank you.

22 CHAIRMAN GETZ: Thank you. Ms. Amidon.

23 MS. AMIDON: Thank you. Staff supports  
24 the Settlement Agreement. And, just at the outset, I want

1 to give thanks to the OCA, and particularly to Attorney  
2 Hatfield, who did the yeoman's labor in trying to put  
3 together this agreement and getting the concurrence of the  
4 parties.

5           What I'd like to address first is the  
6 Motion for Confidential Treatment, which was filed  
7 November 7th. In a data request, the Commission Staff  
8 requested that utilities identify the customers receiving  
9 incentives under the Small Business Program and the amount  
10 of the incentive, and we wanted to organize the customers  
11 by name and by the utility and by the total incentive for  
12 each year. While we did get responses to it, the  
13 customers were coded by number, and the utilities filed a  
14 Motion for Confidential Treatment for the small business  
15 customers. They, and I don't mean to paraphrase, but the  
16 argument essentially is that, in Lamy versus Public  
17 Utilities Commission, the Supreme Court of New Hampshire  
18 determined that the names and addresses of residential  
19 customers were confidential. And, that there was another  
20 discussion in another docket where it was determined that  
21 energy efficiency funding received by a large C&I customer  
22 is not confidential. The utilities argued that the small  
23 customers sort of fall into a box which hasn't been  
24 decided. And, my -- Staff has taken the view that the

1 names and identities of those small customers who are  
2 getting benefits from the Core Energy Programs through the  
3 Systems Benefits Charge should be identified. There's no  
4 privacy rights that they have in protecting the identity  
5 of those customers. And, so, we oppose the Motion for  
6 Confidential Treatment. And, I just wanted to get that  
7 housekeeping squared away.

8 But the reason why we've been here so  
9 long really is because of the problems with the Fuel Blind  
10 Pilot. And, I'm looking at Order Number 23,574, in docket  
11 DR 96-150, one of the restructuring dockets related to  
12 energy efficiency. And, it's a November 1, 2000 order  
13 from the Commission. And, that order, on Page 13, in the  
14 slip opinion, the Commission said, and I quote, "Any  
15 utility requesting to design a program different from the  
16 other utilities should provide written testimony in its  
17 energy efficiency filing explaining its proposed deviation  
18 from the Core Program." That's what we got today. And,  
19 that's why we're in this problem -- with the problem that  
20 we have. And, even so, having this late filing, we don't  
21 have sufficient detail or sufficient information to  
22 determine whether, even if it was appropriate to fund this  
23 through the Systems Benefit Charge, which Staff believes  
24 it is not, whether it's appropriate to go forward with it

1 at all.

2 We don't believe that PSNH has come up  
3 with sufficient justification. They don't meet a  
4 cost/benefit test. They're using electric ratepayer money  
5 for non-electric benefits. And, that's a slippery slope.  
6 Both in the sense that, if you're going to fund a program  
7 with a benefit/cost ratio of 0.9, and you're going to use  
8 electric money -- electric ratepayers' money, which those  
9 ratepayers expect to be used for electric programs, for  
10 non-electric programs, that's a very slippery slope in the  
11 Core Program.

12 I think that Attorney Hatfield clearly  
13 addressed this, you know, that RGGI is a fund where this  
14 type of program would be appropriate. But the Core Energy  
15 Programs were not designed to solve every problem in the  
16 state. We understand that there are a lot of houses that  
17 need weatherization. But the Core Program was very  
18 specifically designed to deliver sort of uniform services  
19 to residential customers, to small business customers, and  
20 to large business customers, with a proven cost/benefit  
21 ratio so that the money was effectively spent. And, we  
22 are -- we just don't think that PSNH has made the case  
23 that this program is appropriate to be funded with the  
24 Core funds.



1                   CHAIRMAN GETZ: Thank you. Is there  
2 anything else that we need to address this afternoon?

3                   (No verbal response)

4                   CHAIRMAN GETZ: Okay. Then, hearing  
5 nothing, we will close the hearing and take the matter  
6 under advisement. Thank you, everyone.

7                   **(Whereupon the hearing ended at 3:14**  
8                   **p.m.)**

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