

THE STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

NORTHERN UTILITIES, INC.
Gas Energy Efficiency Program

Docket DG 09-053

PREFILED DIRECT TESTIMONY OF
THOMAS PALMA, ESQ.

JULY 9, 2010

ORIGINAL	
N.H.P.U.C. Case No.	DG-09-053
Exhibit No.	#9
Witness	Palma
DO NOT REMOVE FROM FILE	

1 I. INTRODUCTION

2 Q. State your name, position, and background.

3

4 A. My name is Thomas Palma, Esq. I am the Manager of Distributed Energy
5 Resources, Planning and Design, for Unitil Service Corp. My business address is 325
6 West Road, Portsmouth, New Hampshire 03801.

7

8 I have been employed by Unitil since November, 2009. As part of my responsibilities, I
9 am involved with Northern Utilities' ("Northern" or the "Company") energy efficiency
10 programs. Previously I worked for the New Hampshire Electric Cooperative. During my
11 career I have gained extensive knowledge of renewable energy systems and energy
12 efficiency systems. I have created renewable energy programs and researched
13 renewable energy and energy efficiency technologies. I have also managed projects
14 regarding the above-mentioned topics. I hold a Bachelor of Science Degree in
15 Mechanical Engineering from the University of Massachusetts, Amherst and a Juris
16 Doctorate Degree from Suffolk University. I am also a member of the Massachusetts
17 Bar.

18

19 I have also been active in leadership roles in various organizations including the New
20 Hampshire Sustainable Energy Association, the Northeast Sustainable Energy
21 Association, and the Cooperative Research Network.

22

1 **Q. What is the purpose of your testimony?**

2

3 A. The purpose of my testimony is to update and supplement the information
4 contained in the February 17, 2010 letter filed by Attorney Epler on behalf of Northern
5 Utilities, Inc. ("Northern" or "the Company") in support of Northern's request to exceed
6 its budget for the Residential Gas Networks component of its Gas Energy Efficiency
7 Program and to transfer funds from the Residential Energy Star Homes Program to the
8 Residential Gas Networks Program.

9

10 **II. BACKGROUND**

11 **Q. Please summarize the background to this proceeding.**

12

13 A. On February 17, 2010, the Company filed a letter (Schedule TP-1) with the
14 Commission detailing the status of its Residential Gas Appliance Rebate program for
15 the 20-month program year May 2009 through December 2010, and requesting
16 Commission approval to transfer funds from the Residential Energy Star Homes
17 (Homes) Program to the Gas Networks® Appliance (GN) program¹. At that time it was
18 anticipated that with that transfer, the GN Program would be able to meet its current
19 obligations, but that both the GN and Homes Programs would effectively be closed for
20 the remainder of the year.

¹ For ease of reference the Company continues to refer to the Gas Heating Equipment Appliance Rebates as "Gas Networks®". The Company formally withdrew from the Gas Networks consortium early in 2010 when it realized that the rebate offerings had been changed and were no longer consistent with the Company's Tariff on file with the Commission. The Company has continued to process rebate requests at the levels reflected in its Tariff.

1

2 **Q. What is the current status of Northern's Weatherization (HPwES), Homes,**
3 **and GN programs?**

4

5 A. As of July 1, 2010, the status of spending in these programs is shown in
6 Schedule TP-2 and is summarized as follows: The Homes program is under spent by
7 \$69,614, or 93.2% of budget; GN is overspent by \$190,267, or 145.6% of budget; and
8 HPwES is overspent by \$18,735, or 14.2% of budget. The Company is not presently
9 accepting GN rebate requests and is holding HPwES inquiries in a waiting list
10 (comprised of 8 customers to date). Because some HPwES projects may not go
11 forward, waiting list projects may receive funding.

12

13 A review of potential activity in the Homes program suggests that there will be no un-
14 met demand for 2010 applicants even if all remaining funds are transferred. This is
15 because the only project (a 32 unit building in Exeter) in line to receive the budgeted
16 funds will most likely not be completed in time to received funds in 2010. The Company
17 is currently seeking confirmation of the project status from the builder. Regardless, the
18 Company will continue to promote the Homes program because any new projects that
19 come along in the second half of 2010 are likely to be completed in 2011. The New
20 Hampshire electric utilities recently filed a RE-CORE proposal in response to RGGI
21 RFP #10-001 that included HPwES and Homes, both fuel neutral programs. If
22 approved, this proposal could meet any new 2010 demand for the Homes Program and
23 would reopen HPwES to Northern's gas customers via their electric utility.

1

2 **Q. Please provide an update of the steps the Company has taken since**
3 **February 17, 2010 relative to the GN program.**

4

5 A. A letter of notification was issued to GN trade allies on February 23, 2010. See
6 Schedule TP-3. Subsequently, the Company has promoted the OEP ARRA Appliance
7 program on the Company website with a link to www.nhsaves.com, which describes the
8 program in detail. See Schedule TP-4 which contains screen shots of the Company's
9 website and the NHSaves website. Also, based on the conversation at the technical
10 session on June 30, 2011, the Company is preparing a follow-up letter to be sent
11 directly to GN trade allies promoting the OEP program.

12

13 **III. BILL IMPACT**

14 **Q. What would the impact on customer rates be from continuing to offer**
15 **Homes and GN for the remainder of this year?**

16

17 A. In responding to this question, the first thing to note is that GN program spending
18 continued to rise subsequent to the Company's letter of February 17, 2010 requesting a
19 transfer of \$70,000 from the Homes program. In spite of the Company's diligence to
20 communicate the closing of this program, spending in excess of budget in the GN
21 program budget has approached \$200,000. The GN programs in Massachusetts and
22 New Hampshire are fulfillment programs not pre-approval based programs. In other
23 words, customers who complete projects send in a rebate form after the fact not a pre-

1 approval application before starting their project. The reason for the above-described
2 budget excess is that there were many more open projects than the Company expected
3 at the time the February 23, 2010 contractor letter was sent.

4

5 The Company continues to recommend that the remaining approximately \$70,000 in
6 funds from the Homes program be transferred to meet the above-budget expenses in
7 the GN program even though the net impact of overspending the residential programs
8 budgets in the current program year will result in an increase in rates when these costs
9 are reconciled and recovered in the LDAC filing to increase the DSM Conservation
10 Charge rate for Residential Heating and Non-heating (CC) to be effective November 1,
11 2010. The impact on residential rates is estimated in Schedule TP-5, which contains
12 the response to DG 09-053 Staff 2-5.

13

14 If the Company were to re-open the GN program from September 1, 2010 to December
15 31, 2010, the timeframe when it is estimated that the OEP heating appliance program
16 funding would be exhausted, we estimate the additional expense will be approximately
17 \$80,000. If this is recovered in rates during the LDAC period beginning November 1,
18 2010, the impact would be in addition to the impact from the current period
19 reconciliation. The result is also shown in Schedule TP-5.

20

21 In the event the Company were to seek recovery of these additional costs in the current
22 LDAC period through an out-of-cycle rate increase, the impact on the future CC charge

1 would be eliminated, but the current period rate increase would be significant, as the
2 increase would only apply for two or three months during a low-use period of the year.

3

4 **Q. What is the Company's response to OCA's recommendation to increase**
5 **energy efficiency program budgets?**

6

7 A. The Company notes that any increase in the budget is ultimately reflected,
8 sooner or later, in an increase in rates. Due to the general economic conditions being
9 faced by our customers, the Company is not comfortable increasing rates beyond the
10 reconciliation noted above for higher spending in 2010. In addition to the over-spending
11 in the current program year, reopening programs that are now closed is disfavored as it
12 will put added pressure on the rate increases customers are likely to experience
13 effective November 1, 2010. Moreover, because the Company is expecting to propose
14 increased budgets in some programs for 2011 and 2012, which will be reviewed by the
15 Commission within the context of an entire energy efficiency program filing, the
16 Company believes that expanding programs and budgets at this juncture is premature
17 and inappropriate.

18

19 As referenced in my response to the prior question, the Company is concerned about
20 the impact on customers of any mid-year increase in the current CC.

21

22 **Q. Has the Company analyzed the comparative levels of spending for gas**
23 **versus electric energy efficiency in response to the assertions about those**

1 **spending levels contained in the Office of Consumer Advocate's letter of May 14.**
2 **2010?**

3
4 A. Yes, we have. However we note that this is not a simple analysis. Specifically, a
5 comparison between gas and electricity energy efficiency funding needs to factor in a
6 number of considerations. One is that electricity is produced largely by combustion in
7 central power stations and the combined generation, transmission and distribution
8 losses required to deliver that to customers do not apply to natural gas. An analysis of
9 BTU per dollar saved based on fossil fuel input for electric service would be as much as
10 three times higher as the same analysis based on delivered kWh. In comparing heating
11 fuels only, an MMBTU comparison at the meter may have validity, but, electricity is
12 mostly used for appliances not heat in NH.

13
14 Other considerations in comparing gas and electric EE rates include the broader
15 societal benefits derived from EE programs. For example, the environmental benefits
16 from reduced electricity use are much higher than the environmental benefits from
17 reduced use of natural gas by customers. For that reason alone, it may be more
18 appropriate for electric customers to pay a higher energy efficiency rate than gas
19 customers. In addition, the relative benefits to customers and to specific groups of
20 customers such as low income or business customers, will also vary. All customers use
21 electricity – a far smaller number use natural gas. There are differences as well in the
22 cost-effectiveness of electric versus gas energy efficiency measures, and differences in
23 the potential savings both in energy and in customer bills.

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An additional consideration in identifying the right level of spending for energy efficiency programs for a given company or set of customers is to avoid large increases at any one time. Ramping up rates too quickly could have negative impacts on customer bills.

A further consideration may be the impact on consumer choices in competitive markets. Natural gas is a direct competitor in many applications with oil, whereas many electricity applications have no competitive options. Imposing energy efficiency costs in electric rates will thus have little impact on competitive choices. In contrast, imposing energy efficiency costs in natural gas rates when the gas company's competitor, the oil company, has no such costs included in its price, will tend to distort competitive choices. Even though current market conditions set gas rates below oil per BTU delivered, this will not always be the case.

Finally, it is important to consider the relative size of the energy efficiency budget as a proportion of the customer's total annual bill. As the following table shows, EE charges as a proportion of total expenditures for the average customer served by UES for electricity are lower than for customers served by Northern for natural gas. The table also compares the electric and gas costs and percentages assuming the average customer has UES as its electric supplier and Northern as its gas supplier. This comparison does not consider the other factors listed above.

	Usage Units	Rate	Annual Cost	Percent of Total	CC Rate	Annual CC Cost	Percent of Total
UES Average Customer	6,589 kWh	\$0.1330	\$876	50.9%	\$0.0015	\$9.88	41.8%
Northern Average Customer	745 therms	\$1.1361	\$846	49.1%	\$0.0185	\$13.78	58.2%
Total			\$1,723			\$23.67	

1 For the purpose of the table above, the comparison is based on 2009 actual sales
 2 (16,143,774 therms and 480,638,599 kWh) and the average number of meters (21,669
 3 for Northern and 72,947 for UES). Sales and the number of meters going forward will
 4 vary.

5

6 **IV. RECOMMENDATION**

7 **Q. What is the Company's recommendation at this time?**

8

9 A. The Company recommends that the Commission:

10 1. Approve the budget transfer from the Homes Program to the GN Program of

11 approximately \$70,000.

12 2. Maintain the Homes and GN programs in a closed status.

13 3. Allow the Company to continue to manage the HPwES waiting list and serve as many

14 customers as possible, subject to available funds.

- 1 4. Allow the Company to continue to promote the OEP Appliance program.
- 2 5. Allow the Company to review changes in budgets and program design elements in
- 3 the context of the 2011/2012 gas energy efficiency program filing, which is scheduled to
- 4 be made on August 2, 2010.
- 5 6. Allow the Company to reconcile the current program year overspending in its
- 6 November 1, 2010 reconciliation process.

7

8 **V. CONCLUSION**

9 **Q. Does that complete your testimony?**

10

11 Yes



February 17, 2010

BY OVERNIGHT MAIL

Debra A. Howland, Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Northern Utilities, Inc.
Gas Energy Efficiency Program, Docket DG 09-053
NH Residential Gas Networks Budget

Dear Director Howland:

Please accept this letter on behalf of Northern Utilities, Inc. ("Unitil" or the "Company") notifying the New Hampshire Public Utilities Commission that the Company has exceeded its originally proposed budget for the Residential Gas Networks program component of its Gas Energy Efficiency Program approved in docket DG 09-053 (Order No. 24,968). This has occurred due to an overwhelmingly positive response to the program over the past several months. The Company respectfully requests approval to exceed its original budget by more than 20 percent and to meet the budget increase by transferring funds from other residential programs which are not expected to be fully subscribed. At the same time, the Company is initiating steps to close the program as of the end of February, in order to prevent significant overspending for the residential segment during the current program period ending December 2010.

Attached to this letter please find a statement of current gas energy efficiency program spending as of January 31, 2010. As indicated, due to the overwhelming response to the Residential Gas Networks program, Unitil has exceeded its budget for the 2009 program year by \$60,000. With Commission approval, we would like to shift \$70,000 from the Energy Star Homes Program to the Residential Gas Networks program, increasing the originally approved budget by a total of 46 percent.

Gary Epler
Chief Regulatory Counsel

6 Liberty Lane West
Hampton, NH 03842-1720

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Debra A. Howland, Executive Director
DG 09-053
February 17, 2010
Page 2 of 2

Unitil's plan is to close the Residential Gas Networks Program at the end of February. Please note however, that even with the closure and the transfers above, it is likely that the overage in the Residential Gas Networks budget will continue to rise, as we expect rebate forms will continue to arrive through the end of March.

Please do not hesitate to contact me if you have any questions concerning this matter.

Sincerely,

/s/ Gary Epler

Gary Epler
Attorney for Northern Utilities, Inc.

Enclosure

cc: Marcia A. B. Thunberg, Staff Counsel
Meredith A. Hatfield, Consumer Advocate
Eric Steltzer, Office of Energy and Planning
Alan Linder, Esq.
Daniel Feltes, Esq.
Dana Nute, NHCAA

UNITIL NH GAS PROGRAM BUDGETS AND EXPENSES THROUGH JANUARY 2010.

ID	Program	State	Sector	Type	PY 2009		2009 Date Range Values	
					Budget	Actual	Variance	% Budget
1013	NG-EStar Homes	NH	R	G				
	Sub-Total:				\$74,712.70	\$2,680.90	(\$72,031.80)	3.60%
1014	NG-Res Gas Weatherization	NH	R	G				
	Sub-Total:				\$132,183.85	\$82,044.15	(\$50,139.70)	62.10%
1015	NG-Res Conservation Svcs	NH	R	G				
	Sub-Total:				\$68,147.33	\$11,310.56	(\$56,836.77)	16.60%
1016	NG-Res Self Install	NH	R	G				
	Sub-Total:				\$25,229.80	\$4,706.47	(\$20,523.33)	18.70%
1017	NG-Res Gas Networks	NH	R	G				
	Sub-Total:				\$130,689.66	\$193,570.46	\$62,880.80	148.10%
				Total:	\$430,963.34	\$294,312.54	(\$136,650.80)	68.30%

EETS: Program Expenses

ID	Program	State	Sector	Type	PY 2009		2009 Date Range Values	
					Budget	Actual	Variance	% Budget
1013	NG-EStar Homes	NH	R	G				
	ES HOMES DESIGN :30.49.02.72.908.47.00				\$0.00	\$0.00	\$0.00	n/a
	ES HOMES 3RD PTY DESIGN -NH :30.49.02.72.908.47.01				\$0.00	\$0.00	\$0.00	n/a
	ES HOMES PROG ADMIN - NH :30.49.02.72.908.47.10				\$12,797.30	\$296.27	(\$12,501.03)	2.30%
	ES HOMES ENGINEER SVCS - NH :30.49.02.72.908.47.11				\$0.00	\$0.00	\$0.00	n/a
	ES HOMES ADMIN MATERIALS :30.49.02.72.908.47.12				\$0.00	\$0.00	\$0.00	n/a
	ES HOMES REG & GENERAL :30.49.02.72.908.47.13				\$9,918.89	\$844.35	(\$9,074.54)	8.50%
	ES HOMES 3RD PTY ADMIN :30.49.02.72.908.47.14				\$610.15	\$0.00	(\$610.15)	0.00%
	ES HOMES MARKETING :30.49.02.72.908.47.20				\$2,908.82	\$2,419.41	(\$489.41)	83.20%
	ES HOMES 3RD PTY MKTING :30.49.02.72.908.47.21				\$3,429.30	\$0.77	(\$3,428.53)	0.00%
	ES HOMES M&E :30.49.02.72.908.47.30				\$3,188.20	\$76.04	(\$3,112.16)	2.40%
	ES HOMES 3RD PTY M&E :30.49.02.72.908.47.31				\$1,573.97	\$1,461.23	(\$112.74)	92.80%
	ES HOMES CUST/CONTR:30.49.02.72.908.47.40				\$31,943.22	\$0.00	(\$31,943.22)	0.00%
	REBATES :							
	ES HOMES ENERGY AUDITS :30.49.02.72.908.47.41				\$8,342.85	\$0.00	(\$8,342.85)	0.00%
	Sub-Total:				\$74,712.70	\$5,098.07	(\$69,614.63)	6.80%
1014	NG-Res Gas Weatherization	NH	R	G				
	R GASWXN DESG - NH :30.49.02.72.908.25.00				\$0.00	\$0.00	\$0.00	n/a
	R GASWXN 3RDPTY DESG - NH :30.49.02.72.908.25.01				\$0.00	\$0.00	\$0.00	n/a
	R GASWXN PROGADMIN - NH :30.49.02.72.908.25.10				\$15,862.04	\$16,235.99	\$373.95	102.40%
	R GASWXN ENGSVCS - NH :30.49.02.72.908.25.11				\$0.00	\$0.00	\$0.00	n/a
	R GASWXN ADMMATS - NH :30.49.02.72.908.25.12				\$0.00	\$0.00	\$0.00	n/a
	R GASWXB R&G - NH :30.49.02.72.908.25.13				\$13,218.41	\$9,287.78	(\$3,930.63)	70.30%
	R GASWXN 3PTY ADMIN - NH :30.49.02.72.908.25.14				\$12,392.22	\$3,442.51	(\$8,949.71)	27.80%
	R GASWXN MKTING - NH :30.49.02.72.908.25.20				\$9,996.40	\$3,580.72	(\$6,415.68)	35.80%
	R GASWXN 3PTY MKTING - NH :30.49.02.72.908.25.21				\$0.00	\$8.51	\$8.51	n/a
	R GASWXN M&E - NH :30.49.02.72.908.25.30				\$4,626.42	\$1,148.31	(\$3,478.11)	24.80%
	R GASWXN 3RDPTY M&E - NH :30.49.02.72.908.25.31				\$6,609.17	\$6,145.19	(\$463.98)	93.00%
	R GASWXN REBATES - NH :30.49.02.72.908.25.40				\$60,279.48	\$108,093.39	\$47,813.91	179.30%
	R GASWXN AUDITS - NH :30.49.02.72.908.25.41				\$9,199.71	\$2,976.71	(\$6,223.00)	32.40%
	Sub-Total:				\$132,183.85	\$150,919.11	\$18,735.26	114.20%
1015	NG-Res Conservation Svcs	NH	R	G				
	GAS RCS DESIGN-NH :30.49.02.72.908.27.00				\$0.00	\$0.00	\$0.00	n/a
	GAS RCS 3RD PTY DESIGN-NH :30.49.02.72.908.27.01				\$0.00	\$0.00	\$0.00	n/a
	GAS RCS PROG ADMIN-NH :30.49.02.72.908.27.10				\$8,177.71	\$1,481.33	(\$6,696.38)	18.10%
	GAS RCS ENGINEER SVCS-NH :30.49.02.72.908.27.11				\$0.00	\$0.00	\$0.00	n/a
	GAS RCS ADMIN MATS-NH :30.49.02.72.908.27.12				\$0.00	\$1,397.50	\$1,397.50	n/a
	GAS RCS REG & GENERAL-NH :30.49.02.72.908.27.13				\$6,814.76	\$4,221.72	(\$2,593.04)	61.90%
	GAS RCS 3RD PTY ADMIN :30.49.02.72.908.27.14				\$6,388.82	\$0.00	(\$6,388.82)	0.00%
	GAS RCS MARKETING-NH :30.49.02.72.908.27.20				\$5,153.67	\$8.33	(\$5,145.34)	0.20%
	GAS RCS 3RD PTY MKTING :30.49.02.72.908.27.21				\$0.00	\$3.87	\$3.87	n/a
	GAS RCS M&E :30.49.02.72.908.27.30				\$2,385.19	\$380.16	(\$2,005.03)	15.90%
	GAS RCS 3RD PTY M&E-NH :30.49.02.72.908.27.31				\$3,407.33	\$3,166.95	(\$240.38)	92.90%
	GAS RCS REBATES-NH :30.49.02.72.908.27.40				\$31,076.97	\$5,565.00	(\$25,511.97)	17.90%
	GAS RCS ENERGY AUDITS-NH :30.49.02.72.908.27.41				\$4,742.88	\$1,075.00	(\$3,667.88)	22.70%
	Sub-Total:				\$68,147.33	\$17,299.86	(\$50,847.47)	25.40%
1016	NG-Res Self Install	NH	R	G				
	R SELF-INSTALL DESIGN :30.49.02.72.908.58.00				\$0.00	\$0.00	\$0.00	n/a
	R SELF-INSTALL 3PTYDSGN :30.49.02.72.908.58.01				\$0.00	\$0.00	\$0.00	n/a
	R SELF-INSTALL PROGADM :30.49.02.72.908.58.10				\$3,027.56	\$2,176.72	(\$850.84)	71.90%
	R SELF-INSTALL ENGSVCS :30.49.02.72.908.58.11				\$0.00	\$0.00	\$0.00	n/a
	R SELF-INSTALL ADMMATS :30.49.02.72.908.58.12				\$0.00	\$0.00	\$0.00	n/a
	R SELF-INSTALL REG & GEN :30.49.02.72.908.58.13				\$2,523.03	\$2,533.04	\$10.01	100.40%
	R SELF-INSTALL 3PTY ADM :30.49.02.72.908.58.14				\$2,365.28	\$0.00	(\$2,365.28)	0.00%

R SELF-INSTALL MKTING :30.49.02.72.908.58.20	\$1,907.97	\$109.59	(\$1,798.38)	5.70%
R SELF-INSTALL 3PTYMKTING :30.49.02.72.908.58.21	\$0.00	\$2.32	\$2.32	n/a
R SELF-INSTALL M&E :30.49.02.72.908.58.30	\$883.03	\$228.10	(\$654.93)	25.80%
R SELF-INSTALL 3PTYM&E :30.49.02.72.908.58.31	\$1,261.45	\$1,173.80	(\$87.65)	93.10%
R SELF-INSTALL REBATES :30.49.02.72.908.58.40	\$13,261.48	\$158.67	(\$13,102.81)	1.20%
R SELF-INSTALL AUDITS :30.49.02.72.908.58.41	\$0.00	\$0.00	\$0.00	n/a
Sub-Total:	\$25,229.80	\$6,382.24	(\$18,847.56)	25.30%
1017 NG-Res GasNetworks	NH	R	G	
R GASNETWKS DESIGN :30.49.02.72.908.29.00	\$0.00	\$0.00	\$0.00	n/a
R GASNETWKS 3RD PTY DESIGN :30.49.02.72.908.29.01	\$0.00	\$0.00	\$0.00	n/a
R GASNETWKS PROG ADMIN :30.49.02.72.908.29.10	\$16,612.02	\$15,817.81	(\$794.21)	95.20%
R GASNETWKS ENGINEER SVCS :30.49.02.72.908.29.11	\$0.00	\$0.00	\$0.00	n/a
R GASNETWKS ADMIN MATS :30.49.02.72.908.29.12	\$0.00	\$47.68	\$47.68	n/a
R GASNETWKS REG & GENERAL :30.49.02.72.908.29.13	\$16,804.78	\$11,820.82	(\$4,983.96)	70.30%
R GASNETWKS 3RD PTY ADMIN :30.49.02.72.908.29.14	\$12,470.88	\$9,141.60	(\$3,329.28)	73.30%
R GASNETWKS MARKETING :30.49.02.72.908.29.20	\$6,534.50	\$23.33	(\$6,511.17)	0.40%
R GASNETWKS 3RD PTY MKTING :30.49.02.72.908.29.21	\$11,186.47	\$1,318.21	(\$9,868.26)	11.80%
R GASNETWKS M&E :30.49.02.72.908.29.30	\$3,920.70	\$1,064.41	(\$2,856.29)	27.10%
R GASNETWKS 3RD PTY M&E :30.49.02.72.908.29.31	\$3,920.70	\$6,408.26	\$2,487.56	163.40%
R GASNETWKS REBATES :30.49.02.72.908.29.40	\$59,239.61	\$275,314.69	\$216,075.08	464.70%
R GASNETWKS ENERGY AUDITS :30.49.02.72.908.29.41	\$0.00	\$0.00	\$0.00	n/a
Sub-Total:	\$130,689.66	\$320,956.81	\$190,267.15	245.60%
<hr/>				
Total:	\$430,963.34	\$500,656.09	\$69,692.75	116.20%



February 23, 2010

RE: Unitil Residential GasNetworks Programs Closing for NH Customers

Dear Trade Ally:

Effective **February 28, 2010**, Unitil must discontinue the GasNetworks equipment rebate programs offered to our residential gas customers in New Hampshire. This action is necessary due to an overwhelmingly positive customer response to the program and the corresponding demand for rebates over the last few months. As a result of this level of demand the entire 2010 program budget has been expended.

If a customer has already purchased qualifying new equipment but installation of the equipment is pending, Unitil will approve the rebate application provided that the equipment is installed on or before **March 31, 2010**. In addition, rebate forms must be received by the Company on or before April 15, 2010.

If you have any questions regarding the above, or would like to discuss your pending project(s), please contact me directly at 603-294-5124, or via email at: kimball@unitil.com

Sincerely,

A handwritten signature in black ink, appearing to read "Derek T. Kimball". The signature is fluid and cursive, with the first name "Derek" being the most prominent.

Derek T. Kimball
Energy Efficiency Programs Coordinator



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Energy Efficiency

Energy Efficiency Programs Programs for Natural Gas Customers

High Efficiency Space and Water Heating Equipment Rebates

New rebate funding source available for high efficiency natural gas equipment!

[Follow this link for more information.](#)

ATTENTION!

Residential natural gas customers in New Hampshire

Due to an overwhelmingly positive customer response to the GasNetworks high efficiency equipment rebate programs, program funding has been depleted for 2010. As a result, Unitil can no longer offer this program to its customers effective February 28, 2010.

If you wish to contact us about this message please email us at efficiency@unitil.com or call us at 1-866-933-3820.

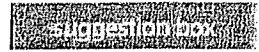
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for your home



ARRA Home Heating System Rebate Program



New Hampshire Office
of Economic Recovery



American Recovery
& Reinvestment Act



N.H. Office of
Energy and Planning

To apply for a rebate, please complete an ARRA Home Heating Systems Rebate Form. [Download an Application form here.](#)

Program Overview

As part of the American Recovery and Reinvestment Act (ARRA), the New Hampshire Office of Energy and Planning received approval from the federal government to offer New Hampshire residents incentives for the purchase and installation of high efficiency home heating systems and/or domestic water heaters.

This program provides rebates for *replacement installations* of high efficiency home heating systems and/or water heaters in existing homes for current New Hampshire residential electric, propane, oil and natural gas customers*.

To be eligible you must purchase, install and operate a heating and/or domestic water heater that meets all applicable efficiency requirements.

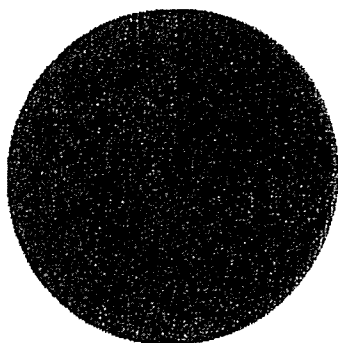
Due to the limited availability of ARRA funds, the program must terminate when funds are exhausted. Program termination information will be posted on NHSAVES.com website.

The ARRA Home Heating System Rebate Program incentives are effective as of April 19, 2010. Purchases made prior to this date are not eligible for the incentives.

*Natural gas rebates through this program are not available to National Grid and Unitil gas customers unless funding under their existing incentive programs have been exhausted. More information about National Grid and Unitil gas heating system incentives is available on their websites.

Limited Funding

This chart will be updated throughout the duration of this program while funds are available. The status represented here does not guarantee payment of submitted rebate applications. It is meant to serve as a guide of overall program funding status.



■	Funds Available	75 %
■	Rebates Paid	25 %
Total		100 %

Last Modified: _____

Eligible Equipment

All ENERGY STAR rated furnaces, boilers and hot water heaters meeting the minimum efficiency

outlined in the incentives table below will be eligible for a rebate.

Incentives

ARRA – Home Heating System Rebate Program Incentives

The following is a list of the equipment types, eligibility requirements and rebate incentive. Please click on the equipment type to view the list of eligible products.

Equipment Type	Minimum Efficiency Requirement*	Rebate
Oil Furnaces	AFUE >= 85% EnergyStar Qualified	\$300
	AFUE >= 85% w/ ECM* EnergyStar Qualified	\$400
Natural Gas/Propane Furnaces**	AFUE>=90% EnergyStar Qualified	\$300
	AFUE>=90% w/ ECM EnergyStar Qualified	\$400
Oil Boilers ***	AFUE>=85% EnergyStar Qualified	\$500
	AFUE>=90% EnergyStar Qualified	\$1,000
Natural Gas/Propane Boilers** ***	AFUE>=85% EnergyStar Qualified	\$500
	AFUE>=90% EnergyStar Qualified	\$1,000
Hot Water Heater – Gas Storage	Energy Factor >= 0.62 EnergyStar Qualified	\$100
Hot Water Heater – Gas Tankless	Energy Factor >= 0.82 EnergyStar Qualified	\$300

*AFUE (Annual Fuel Utilization Efficiency), ECM (Electronically Commutated Motor), EF (Energy Factor)

** Gas equipment rebates are not available under this program unless funding is no longer available from your local gas utility energy efficiency program. Contact your local gas utility to learn more about their rebate programs.

*** An additional \$100 incentive is available if the replacement system is installed with a boiler reset control. Manufacturers include: Beckett, Honeywell, Taco and tekmar although this is not an exhaustive list.

For more information on the ENERGY STAR products, please visit the following websites:

- [Water Heaters- Gas Storage](#)
- [Water Heaters- Gas Tank less](#)
- [Furnaces](#)
- [Boilers](#)

Program Guidelines:

To be eligible to receive incentives under the NH ARRA Funded program, you must meet the following requirements:

- Be a resident of the State of New Hampshire
- Replace an existing home heating system
- Install appliance at your primary residence
- One rebate available per appliance category per applicant
- New Construction, Businesses, non-profit and governmental organizations are not eligible

How to Participate:

1. Consult your licensed heating contractor or plumber for assistance in determining eligible equipment or refer to the lists of eligible equipment noted in the incentives table above.
2. Once your new high-efficiency heating and/or water heating system has been installed, review and complete the ARRA Home Heating System Rebate Application. Then attach a copy of all dated receipts/work orders that document the installation. Also include a copy of a recent electric utility bill. Make sure that these receipts indicate the name, address and phone number of the contractor that completed the installation.
3. Completed application and required documentation with proof of purchase should be sent to:

EFI Rebate Processing
 PO Box 9150
 Canton, MA 02021-9150

Make sure to make a copy of the rebate application for your records.

4. Applications will be handled on a first-come, first-served basis until program funds are depleted. An incomplete application may delay your rebate and/or risk your chances for receiving a rebate should the program run out of funding. Purchases made prior to the commencement of the program on April 19, 2010 are not eligible.

Frequently Asked Questions:

This document (pdf) has been provided with answers to frequently asked questions. For additional questions about the program, email ForYourHome@nhsaves.com

Save Even More:

- Your purchase of a high efficiency heating system and/or domestic hot water heater may qualify you for a federal tax credit. Please note, that the AFUE required to qualify for the federal tax credit is often higher than the ENERGY STAR requirement used for this program. Visit the ENERGYSTAR.gov website for details or consult your tax

professional.

- NH funding under ARRA is also available for the installation of Solar Thermal Hot Water Heating Systems. Visit the NH PUC Sustainable Energy website for [more information](#).
- Learn more about opportunities and incentives for weatherizing your home through the [NH Home Performance with ENERGY STAR program](#).

For Participating Contractors:

Please download the [contractor participation letter](#) (PDF)

NORTHERN UTILITIES, INC.

DG 09-053

DATA REQUESTS FROM COMMISSION STAFF - SET #2

GAS ENERGY EFFICIENCY PROGRAM

Data Request Received: June 28, 2010

Date of Response: July 8, 2010

Request No. Staff 2-5

Witness: Thomas Palma

REQUEST:

Staff 2-5

If Northern were to continue to support the Residential Gas Networks® program for the duration of Northern's currently approved 20-month Energy Efficiency plan ending December 31, 2010, it appears that the estimated Local Distribution Adjustment Charge - Residential DSM Rate might have to be updated. Please provide the EEAC-Residential DSM Rate calculation schedules.

RESPONSE:

Yes. The Company will update its upcoming LDAC filing (rates to be in effect November 1, 2010 through October 31, 2011) with actual and re-estimated DSM Conservation Charge rate for Residential Heating and Non-heating (CC) spending for the current program year.

Please note that GN program spending continued to rise subsequent to the Company's letter of February 17, 2010 requesting a transfer of \$70,000 from the Homes program. In spite of the Company's diligence in closing the GN program, the spending in excess of the approved GN program budget is now approaching \$200,000. Northern continues to recommend the transfer of the remaining funds from the Homes program, but the net impact of overspending in the residential programs in the current program year will result in an increase in rates as these costs are reconciled and recovered in the LDAC rate adjustment filing to be effective November 1, 2010.

The table below reflects an estimated increase in the CC to cover the overage, estimated rates, and average costs. This includes a row for reallocating funds from the Homes program.

Energy Efficiency Impact (CC)

	Required Increase	Usage therms	CC Rate Increase	CC Rate	Total CC Cost	Annual Increase	CC Cost Percent Increase
A.	-	745	-	\$0.01850	\$13.78	-	-
B.	\$130,000	745	\$0.00805	\$0.02655	\$19.78	\$6.00	43.5%
C.	\$200,000	745	\$0.01239	\$0.03089	\$23.01	\$9.23	67.0%

Total Gas Rate Impact

	Total Gas Rate	Annual Gas Cost	Percent Increase
A.	\$1.13610	\$846.40	-
B.	\$1.14415	\$852.40	0.7%
C.	\$1.14849	\$855.63	1.1%

Where:

- A. No under collection reflected in reconciliation/current rate
- B. \$130,000 under collection (expense over budget) included in reconciliation after reallocating \$70,000 from Homes and assumes all other programs are fully spent.
- C. \$200,000 under collection (expense over budget). Assumes that all other programs including Homes are fully spent.

The Company estimates that for the period from October 1, 2010 through December 31, 2010, \$80,000 would be needed to fund the Residential Gas Networks® program if the program were to be reopened after OEP exhausted its appliance rebate funds. The number of gas customers is 21,938.

The table below reflects the increase in the CC and average customer increased cost that would result if the additional cost were collected in the November 1, 2010 reconciliation.

Required Increase	Usage therms	EE Rate Increase	Increased Cost
\$80,000	745	\$0.00496	\$3.69184

For the purpose of the tables above, projected sales are based on 2009 actual sales (16,143,774 therms) and the average number of meters (21,669). Sales and the number of meters going forward will vary from the quantities listed above.

In the event the Company were to seek recovery of these additional costs in the current period LDAC through an out-of-cycle rate filing, it would eliminate or reduce the impact on the future LDAC charge, but would have a significant impact on current rates, as the increase would only apply for two or three months during a low-use period of the year. The Company does not support this option.