

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DE 10-188
2011-2012 Core Electric Energy Efficiency and
Natural Gas Efficiency Programs

PROGRAM YEAR 2012 PARTIAL SETTLEMENT AGREEMENT

This document concerns modifications and updates to the electric and gas energy efficiency programs which were approved for implementation for calendar years 2011 and 2012 in Order No. 25,189 (December 30, 2010). This Partial Settlement Agreement (Partial Settlement) is entered into by the following parties and Staff: Granite State Electric Company d/b/a National Grid (National Grid); New Hampshire Electric Cooperative, Inc. (NHEC); Public Service Company of New Hampshire (PSNH); Unitil Energy Systems, Inc. (UES) (collectively, "Electric Utilities"); EnergyNorth Natural Gas, Inc. d/b/a National Grid NH (National Grid NH) and Northern Utilities Inc. d/b/a Unitil (Northern) (National Grid NH and Northern collectively "Gas Utilities"); New Hampshire Community Action Association (CAA); N.H. Office of Energy and Planning (OEP); The Way Home (TWH); and Staff of the Commission (Staff) (all collectively referred to as "Settling Parties and Staff"). The Conservation Law Foundation (CLF), Jeremy Hill, Daniel Ramage, US Energy Savers LLC (USES), Department of Environmental Services (DES), Homebuilders and Remodelers Association of New Hampshire (HBRANH) and New Hampshire Housing Finance Authority (NHHFA) were granted intervenor status in this proceeding but did not participate in settlement discussions regarding the 2012 program year updates and are not parties to this Settlement Agreement.

I. PROCEDURAL HISTORY

This proceeding was commenced by two joint filings on August 3, 2010 by the Electric Utilities and Gas Utilities proposing energy efficiency programs for 2011 and 2012. The Commission approved those programs as modified by a settlement agreement (2010 Settlement Agreement) in Order No. 25,189. Although the authority to conduct the gas and electric energy efficiency programs was granted for two calendar years (2011 and 2012), program improvements for the 2012 program year should be discussed at quarterly meetings and proposed program changes shall be filed with the Commission no later than September 30, 2011. See 2010 Settlement Agreement, Exhibit 1 at 16; Order No. 25,189 at 13.

On September 1, 2011, PSNH and UES filed a letter with the Commission seeking approval to implement a full fuel neutral HPwES program beginning January 1, 2012, pursuant to the December 15, 2010 Settlement Agreement, Exhibit 1 at 18. On September 30, 2011, the Gas and Electric Utilities filed a document entitled "Updated CORE Energy Efficiency Programs for 2012" (2012 Update). The 2012 Update contained proposals for Budget Changes, CORE Program Changes, Utility Specific Program Changes, Monitoring and Evaluation Updates, and Shareholder Incentive Updates. Technical sessions were conducted among the parties and Staff on October 11, 2011, and November 3, 2011. On November 10, 2011, direct testimony was filed by the Office of Consumer Advocate and the Staff. Discovery was conducted on the 2012 Update and on the Staff and OCA testimony. A settlement conference was held on November 14, 2011, and a settlement conference was conducted on December 5, 2011 which led to this Partial Settlement.

II. SETTLEMENT TERMS

A. Programs for 2012

The Settling Parties and Staff agree that the program modifications in the 2012 Update should be approved by the Commission except as noted below. The Utilities have provided a revised filing containing the issues resolved herein which amends the 2012 Update. That revised filing is contained herein as Attachment A to this Partial Settlement.

B. Carry-Over from 2010 and Performance Incentive Calculation

In Order No. 25,189, the Commission ruled that utilities may not earn a performance incentive on funds carried over from 2010 and for which a utility had already earned a performance incentive. In this context, carry-over is defined as the difference between the 2010 budgeted amount and the actual amount spent. The Settling Parties and Staff agree that the utilities will not earn a performance incentive on the carry-over amounts from 2010. The Staff calculated the 2010 carry-over from each utility's performance incentive calculation filing and reported those figures by Residential and Commercial Sectors contained in a spreadsheet circulated to the Settling Parties on November 15, 2011. Since that date, PSNH and UES have refiled their performance incentive calculations for 2010 based upon recommendations made by the Staff's audit; therefore, their carry-over amounts have changed from the November 15 document. Attached hereto as Attachment B to this Partial Settlement are the agreed upon numbers to be excluded from future calculations of the performance incentive.

C. VEIC Independent Study of Energy Policy Issues

The Settling Parties and Staff agree that the VEIC Independent Study of Energy Policy Issues Final Report may be included in discussions at the quarterly meetings in 2012. The Settling Parties and Staff agree to work with the EESE Board and its subcommittees to reduce repetition of effort and administrative costs.

D. Home Performance with Energy Star® (HPwES).

PSNH and UES will implement the program as approved by the Commission for the 2011 program year in Order No. 25,189. Rebates will be capped at 50% of project expenditures or \$4,000, whichever is less. Customers will continue to be screened by the Home Heating Index.

For 2012 PSNH and UES will earn a performance incentive on the installation of electric saving measures as has been done since the HPwES Program was first approved in Order No. 24,974.

This resolution applies to the 2012 HPwES Program, without prejudice to any party and Staff to later recommend changes in the HPwES program for 2013 and beyond.

E. PSNH's Customer Engagement Program proposal

PSNH proposed a Customer Engagement Program (CEP) for residential customers in the 2012 Update, and provided additional information through discovery responses. The objective of the CEP is to evaluate the effectiveness of utilizing a behavior-based energy efficiency program for residential customers in New Hampshire to test whether it could be a full scale CORE program. PSNH plans to engage 25,000 randomly selected residential customers in the

pilot program, which has a projected benefit/cost ratio of 1.01. The program vendor has not yet been selected, but comparable programs have been implemented by Western Mass. Electric, Connecticut Light & Power, and National Grid. See Attachment C for additional materials on the CEP. Staff and other interested parties agree to meet with PSNH regarding the request for proposal process and final design of the CEP program. The Parties and Staff will use reasonable efforts to reach an agreement on CEP by March 31, 2012 so that PSNH may proceed with the Customer Engagement Program in 2012.

F. Other 2010 Settlement Terms

Settlement terms in the 2010 Settlement not specifically addressed in this document are intended to remain in place.

III. PARTIALLY RESOLVED ISSUES

G. Gas Utilities Carry-Over and Impact on LDAC for Winter 2012-2013

On or before March 12, 2012, National Grid NH and Northern will determine and provide to the parties the final amount of 2011 unspent energy efficiency funds ("carryover funds"). At that time each company will also file with the Commission its updated program budgets and goals for the 2012 program year. Each Company may credit any remaining portion of carryover funds back to its customers through the 2012-2013 winter COG and LDAC rate, in accordance with Order Nos. 25,286 and 25,282. This agreement on the use of the carryover funds constitutes the recommendation from Staff, National Grid NH, Northern and The Community Action Association as discussed by the Commission in Order No. 25,282 at page 9 and Order No. 25,286 at page 13.

In an effort to utilize the projected carryover funds as well as the funds budgeted for 2012, the Companies have and/or will initiate a number of on-going lead generation activities and other planned initiatives designed to increase customer participation in energy efficiency programs. Those activities are identified in Attachment D. Staff, National Grid, NH, and Northern agree that any changes to the approved 2011-2012 CORE program design require prior Commission approval.

IV. MISCELLANEOUS PROVISIONS

This Partial Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true or valid. This Partial Settlement Agreement is expressly conditioned upon the Commission's acceptance of all of its provisions without change or condition. If such acceptance is not granted, the Partial Settlement Agreement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose. The Settling Parties and Staff agree to support approval of this Partial Settlement Agreement before the Commission and the Settling Parties and Staff shall not oppose this Partial Settlement Agreement before any regulatory agencies or courts before which this matter is brought.

The Commission's acceptance of this Partial Settlement Agreement does not constitute continuing approval of or precedent regarding any particular issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties and Staff believe, the provisions set forth herein present a just and reasonable resolution of the settled issues in the case. The discussions which have produced this Partial Settlement Agreement have been conducted on the understanding that all offers of settlement and discussion relating thereto are

and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding, or otherwise.

IN WITNESS WHEREOF, the Settling Parties and Staff have caused this Partial Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

By: Gerald M. Eaton
Gerald M. Eaton, Esq.
Sarah B. Knowlton, Esq.
Senior Counsel

Date: December 15 2011

UNITIL ENERGY SYSTEMS, INC.

By: Rachel Aslin Goldwasser
Orr & Reno, P.A.
Rachel Aslin Goldwasser, Esq.

Date: 12/15/11

OFFICE OF THE CONSUMER ADVOCATE

By: _____
Meredith A. Hatfield, Esq.
Consumer Advocate

Date: _____

NEW HAMPSHIRE COMMUNITY ACTION ASSOCIATION

By: _____
Dana Nute, Director
Housing Rehabilitation and Energy Conservation

Date: _____

OFFICE OF ENERGY AND PLANNING

By: _____
Eric Steltzer
Energy Policy Analyst

Date: _____

THE WAY HOME

By: _____
New Hampshire Legal Assistance
Alan Linder, Esq.

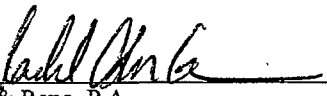
Date: _____

ENERGYNORTH NATURAL GAS, INC.
D/B/A NATIONAL GRID NH

By: _____
McLane, Graf, Raulerson & Middleton, P.A.
Carol J. Holohan, Esq.

Date: _____

NORTHERN UTILITIES, INC.

By: 
Orr & Reno, P.A.
Rachel Aslin Goldwasser, Esq.

Date: 12/15/11

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

By: _____
Marcia A. B. Thunberg, Esq.

Date: _____

GRANITE STATE ELECTRIC COMPANY
D/B/A NATIONAL GRID

By: _____
McLane, Graff, Raulerson & Middleton, P.A.
Carol J. Holohan, Esq.

Date: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE

By: _____
Carol A. Woods

Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

ENERGYNORTH NATURAL GAS, INC.
D/B/A NATIONAL GRID NH

By: _____
McLane, Graf, Raulerson & Middleton, P.A.
Carol J. Holohan, Esq.

Date: _____

NORTHERN UTILITIES, INC.

By: _____
Orr & Reno, P.A.
Rachel Aslin Goldwasser, Esq.

Date: _____

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

By: Marcia A. B. Thunberg
Marcia A. B. Thunberg, Esq.

Date: December 15, 2011

GRANITE STATE ELECTRIC COMPANY
D/B/A NATIONAL GRID

By: _____
McLane, Graff, Raulerson & Middleton, P.A.
Carol J. Holohan, Esq.

Date: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE

By: _____
Carol A. Woods

Date: _____