

<b>ORIGINAL</b>	
N.H.P.U.C. Case No.	DE 10-188
Exhibit No.	48
Witness	S. Eckberg
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**BEFORE THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

In the matter of: )  
 Granite State Electric Company d/b/a National Grid )  
 New Hampshire Electric Cooperative, Inc. )  
 Public Service Company of New Hampshire )  
 Unitil Energy Services, Inc. )  
 EnergyNorth Natural Gas, Inc. d/b/a National Grid NH )  
 Northern Utilities, Inc. d/b/a/ Unitil )  
 2012 CORE Energy Efficiency Programs )

DE 10-188

**Rebuttal Testimony  
 Of  
 Stephen R. Eckberg  
 Utility Analyst  
 on behalf of  
 the Office of Consumer Advocate**

**Dated: May 4, 2012**

1 **I. Introduction**

2 **Q. Please state your name, business address and position.**

3 A. My name is Stephen R. Eckberg. My business address is 21 South Fruit Street, Suite 18,  
4 Concord, NH, 03301. I am employed by the Office of Consumer Advocate (OCA) as a  
5 Utility Analyst. I included as Attachment SRE-1 to my direct testimony filed March 23,  
6 2012 a statement of my education and experience and have not included that with this  
7 rebuttal testimony

8

9 **Q. Have you previously testified before the Commission?**

10 A. Yes, I have testified on behalf of the OCA in a number of dockets, including the 2010  
11 CORE docket, DE 09-170, and two earlier portions of this docket, DE 10-188, which  
12 include the original approval of the two year programs (testimony filed October 15, 2010)  
13 and the utilities' update filing regarding proposed changes for the 2012 program year  
14 (testimony filed November 10, 2011). I also filed, on March 23, 2012, direct testimony  
15 in this most recent portion of the docket related to the Home Performance with Energy  
16 Star (HPwES) program.

17

18 **II. Overview of OCA Rebuttal Testimony**

19 **Q. Please describe the purpose of your testimony.**

20 A. The purpose of my rebuttal testimony is to respond to certain issues raised in the Joint  
21 Testimony of Staff witnesses James J. Cunningham, Jr. and Al-Azad Iqbal (Staff  
22 Testimony). In my March 23, 2012 direct testimony, I testified about the OCA's support  
23 for the implementation of a full, non-pilot version of the HPwES residential energy

1 efficiency program as proposed by PSNH and Unitil in the 2012 Core Program Update  
2 filing. In this rebuttal testimony I will address the following issues raised in the Staff  
3 Testimony:

- 4 1. Inaccuracies regarding the HES program and the HPwES program;
- 5 2. Inaccuracies regarding the Performance Incentive for HPwES and other fuel  
6 neutral programs; and
- 7 3. Staff's view that "fairness" is an appropriate issue for consideration by the  
8 Commission in this phase of the docket.

9  
10 **III. Inaccuracies in Staff Testimony**

11 **Q. What inaccuracies do you believe exist in Staff testimony?**

12 A. Staff Testimony states at page 4, line 12, that the predecessor to the HPwES program,  
13 Home Energy Solutions, was previously an "exclusive program," and one of their  
14 criticisms is that, as proposed, HPwES would be "open to all ratepayers." This shows a  
15 lack of understanding of both the HES and the HPwES programs. In discovery, PNSH  
16 issued a related data request to Staff which asked:

17 Ref. page 4, lines 11-14 [of Staff Testimony]. It suggests that the Home Energy  
18 Solutions program, predecessor to HPwES, was offered only to Group 1  
19 customers (i.e. those who use electricity for 100% of their household energy  
20 usage). However, from the program's inception, the HES program was  
21 "...targeted first to customers with electric heat and then to those with high  
22 electric use." (DE 01-057, PSNH Utility Specific Filing, January 21, 2002, and in  
23 all subsequent CORE filings through 2007). Further, in DE 08-120, PSNH  
24 testified that it was not necessary for a home to be heated 100% with electricity  
25 (see Order No. 24,930, p. 12). Has the fact that the HES program was offered to  
26 other than Group 1 customers been factored into any of Staff's analysis? If so,  
27 how?  
28

1 Response to PSNH 5-3 is included as Attachment SRE-1. Staff failed to respond, stating  
2 “Please see response PSNH 5-1.”

3 Staff’s response to Staff 5-1, however, stated only:

4 Staff Testimony represents a simple illustration derived from available reliable  
5 data. Obviously, there is a continuum of customers between Group 1 and Group  
6 2. All data sources and assumptions are summarized in our testimony at Table 1  
7 and Schedule 1.  
8

9 This answer suggests that Staff does not understand that the HES program was not an  
10 “exclusive” program as purported in Staff Testimony. As identified in the text of the data  
11 request quoted above, the HES program was open to households with high electric use as  
12 well as electrically-heated homes. This contravenes Staff’s contention that the HES was  
13 an “exclusive” program for electrically-heated homes only. The HES program was first  
14 approved by the Commission in DE 01-057 in 2002 as the “Residential Retrofit  
15 Program.” In the 2003 filing in DE 03-169, utilities proposed to change the program  
16 name to “Home Energy Solutions” and the program was offered by the utilities from  
17 2004 through 2008. These prior approvals by the Commission, many which approved  
18 Settlement Agreements, are evidence that the Commission found the programs to be  
19 lawful, in the public interest, and therefore “fair” to ratepayers.  
20

21 In addition, Staff is incorrect in its statement that the proposed HPwES program is “open  
22 to all ratepayers.” The 2012 Core Update Filing states: “In 2012 PSNH and UES propose  
23 to implement a full scale fuel-neutral program as described in their September 1, 2011  
24 filing with the Commission.” That September 1, 2011 filing refers the reader to a fuller  
25 description of the HPwES program included as Attachment A to the Settlement  
26 Agreement filed December 15, 2010 in the first phase of this docket. (The HPwES

1 program description material is also attached to my testimony as Attachment SRE-2).

2 The filing explains that eligibility for the HPwES program participation is determined

3 primarily by the use of the Home Heating Index tool (accessible through the

4 [www.nhsaves.com](http://www.nhsaves.com) website). The tool is used to assess total energy use per square foot in

5 the home and only homes that meet a certain threshold are eligible to participate. Thus,

6 Staff's representation that the program is "open to all ratepayers" is not accurate.

7  
8 **Q. Please address your next issue regarding inaccuracies in Staff Testimony concerning**  
9 **the Performance Incentive for HPwES and other fuel neutral programs.**

10 A. At page 27, lines 8-12, of Staff Testimony, Staff suggests that the Core Program's  
11 Performance Incentive Working Group should reconvene to determine if the proposed  
12 HPwES program and other fuel neutral programs (which Staff contends includes the  
13 Home Energy Assistance Program and the Energy Star New Homes Program) should  
14 receive a reduced, or limited Performance Incentive compared to other Core EE  
15 Programs. Staff bases this recommendation on the VEIC Report<sup>1</sup>.

16  
17 **Q. What is it that you believe is in error regarding this Staff suggestion?**

18 A. The OCA believes that Staff errs in its contention that the VEIC Report suggests that a  
19 change in the Performance Incentive is appropriate for the HPwES program and other  
20 fuel neutral programs.

21  

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<sup>1</sup> The "New Hampshire Independent Study of Energy Policy Issues" was conducted by VEIC in response to SB 323. The Report is available on the website of the PUC's Sustainable Energy Division at <http://www.puc.nh.gov/Sustainable%20Energy/SustainableEnergy.htm>

1 **Q. Why should Staff not rely on the VEIC Report as the basis for its proposed “limited**  
2 **cost” formula?**

3 A. Quite simply because the VEIC Report makes no such suggestion as Staff appears to state  
4 at page 27, line 8, of the Staff Testimony. The VEIC Report recommendations relate to  
5 the *whole* Performance Incentive mechanism – not any program specific incentives.  
6 Specifically, chapter 9 of the VEIC Report covers Performance Incentives for Energy  
7 Efficiency programs. It provides a general discussion of incentive mechanisms and their  
8 use in energy efficiency program design and implementation to motivate excellent  
9 performance, it provides comparative information between NH and other states, and, as  
10 Staff correctly states in footnote 49 at page 27, line 7 of its testimony, the Report  
11 provides eleven (11) recommendations on page 9-19. Contrary to Staff Testimony, none  
12 of those recommendations suggest that the HPwES program or any other fuel neutral  
13 program should experience a reduced performance incentive formula. Thus, it is  
14 inappropriate for Staff to claim that their recommendation is based on the VEIC Report.  
15 In fact, Staff has made this recommendation for a “limited PI” in previous Core dockets  
16 prior to the release of the VEIC Report. See, for example, Testimony of James  
17 Cunningham filed November 6, 2009 in DE 09-170 at page 16.

18  
19 The OCA supports Staff’s right to suggest any change it feels is appropriate to the current  
20 Performance Incentive formula, but Staff should not use the VEIC Report as the basis for  
21 this particular suggestion.

22

1 **Q. Do you have other concerns about Staff Testimony concerning Performance**  
2 **Incentives?**

3 A. Yes. Staff only raised a concern about Performance Incentives related to the proposed  
4 HPwES and other fuel-neutral efficiency programs. If Staff is concerned about  
5 Performance Incentives and their “fairness” to ratepayers, it should look at whether a  
6 12% shareholder incentive is appropriate in the larger context of all Core Programs.  
7 Further, as Staff is a participant in the Core Performance Incentive Review sub-  
8 committee, the OCA is concerned that Staff has chosen to raise this issue in its testimony  
9 to the Commission prior to initiating a conversation about the issue with that sub-  
10 committee. Staff’s action creates the appearance that they seek to avoid the cooperative  
11 management process and appeal directly to the Commission for changes which have not  
12 previously been discussed and reviewed with the Core Management Team and other  
13 stakeholders.

14  
15 **IV. Staff’s Position on “Fairness”**

16 **Q. Please address your concern about Staff’s position that “fairness” is an issue for**  
17 **Commission consideration in this phase of the docket.**

18 A. In Staff Testimony at page 3, Staff indicates that the first purpose of their testimony is to  
19 “explain the important policy issue of fairness that arises from the PSNH/UES proposal  
20 to implement a full-scale [HPwES] program.” On page 4, at lines 11-15, Staff Testimony  
21 goes on to say, “The predecessor CORE program, the Home Energy Solutions (HES)  
22 program, was an exclusive CORE program that was offered only to ... *electric heating*  
23 *ratepayers*; and, PSNH and UES are now proposing to open up this program to all

1 ratepayers” (emphasis in the original). As discussed above, this assertion is factually  
2 incorrect.

3  
4 In addition, Staff Testimony asserts that “fairness” is an issue for Commission  
5 determination at this time. It is the OCA’s position that the time for Commission  
6 consideration of the “fairness” of the HPwES program - assuming for the sake of  
7 argument that fairness is an appropriate standard for Commission consideration – has  
8 long since passed. The Commission has already determined that Core programs like the  
9 proposed HPwES are lawful, consistent with the public interest and, therefore “fair” to  
10 ratepayers.

11  
12 **Q. When did the Commission determine that a fuel-neutral energy efficiency program**  
13 **is not prohibited by law and consistent with the public interest?**

14 A. In DE 01-057, which was the original Joint Utility Petition for Approval of Core Energy  
15 Efficiency Programs, the Commission considered and approved the initial Core Programs  
16 including the Energy Star New Homes Program discussed above. In Order 23,982, at  
17 page 6, the Commission stated its conclusion that “the Petitioners' initial filing, as  
18 modified and conditioned by the Phase I Settlement, ‘creates energy efficiency programs  
19 that are reasonable and in the public interest.’ Accordingly, the Phase I Settlement was  
20 approved (citation omitted).” Further, in DE 10-188, Order No. 25,315 at page 10, the  
21 Commission stated “the legal authority to operate a fuel-blind program [ ] has been  
22 resolved.”

1 Also, in approving every other SBC-funded Core Program, the Commission has already  
2 dealt with the issue of fairness. With each such approval, the Commission authorized the  
3 collection of funds from all ratepayers to implement programs which provide direct  
4 benefits to some ratepayers and indirect benefits to other ratepayers. Although this  
5 “collection from all to benefit some” could be viewed as an inherent unfairness in the  
6 implementation of the Core Programs, and this program implementation approach can  
7 reasonably be viewed as a larger scale version of the scenario described in Staff  
8 testimony related to certain subgroups of residential ratepayers, it is the OCA’s position  
9 that the Commission understands the “fairness” issue, and in approving the use of SBC  
10 funds to implement fuel-neutral energy efficiency programs, the Commission has already  
11 dealt with and resolved this issue in favor of supporting such programs.  
12

13 **Q. Do you have any additional facts which the Commission should consider in its**  
14 **assessment of the full implementation of the Fuel Blind HPwES program?**

15 A. Yes. PSNH and UES have proposed a program which they claim has a Benefit-Cost  
16 (B/C) ratio value greater than one when using the Total Resource Cost (TRC) approach  
17 as directed by the Commission. Staff has not disputed the Company’s claimed B/C  
18 ratios. The B/C ratio of the proposed program meets the Commission’s cost effectiveness  
19 standards.  
20

21 Further, the Commission is well aware that the HPwES Pilot Program has been the  
22 subject of both process and impact evaluations. The evaluations are available on the

1 Commission's website.<sup>2</sup> The results of those evaluations have been considered by the  
2 utilities in adjusting the program design.

3 **Q. Do you have any closing remarks?**

4 A. I would like to reiterate the OCA's recommendation originally voiced in my direct  
5 testimony filed March 23, 2012, that the Commission approve the request to implement a  
6 full, non-pilot version of the Home Performance with Energy Star residential energy  
7 efficiency program as proposed by PSNH and UES in the 2012 Core Program Update  
8 filing.

9

10 **Q. Does that conclude your rebuttal testimony?**

11 A. Yes.

12

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<sup>2</sup> HPwES Process and Impact Evaluation Reports are available on the Commission's website as Item #124 on the list of Evaluation Reports links to the. See [http://www.puc.nh.gov/Electric/Monitoring%20and%20Evaluation%20Reports/Monitoring\\_Evaluation\\_Report\\_List.htm](http://www.puc.nh.gov/Electric/Monitoring%20and%20Evaluation%20Reports/Monitoring_Evaluation_Report_List.htm)