

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION



August 30, 2012 - 1:13 p.m.
Concord, New Hampshire

AFTERNOON SESSION ONLY

RE: DE 10-188
2011 CORE ELECTRIC PROGRAMS AND
NATURAL GAS ENERGY EFFICIENCY
PROGRAMS: *Energy Efficiency Programs.*
(Hearing regarding available RGGI)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Michael D. Harrington
Commissioner Robert R. Scott

Sandy Deno - Clerk

APPEARANCES: Reptg. Public Service Co. of NH:
Robert A. Bersak, Esq.

Reptg. Unutil Energy Systems:
Rachel A. Goldwasser, Esq. (Orr & Reno)

Reptg. Granite State Electric Co.
d/b/a Liberty Utilities:
Sarah B. Knowlton, Esq.

Reptg. N.H. Electric Cooperative:
Mark W. Dean, Esq.

Reptg. TRC Energy Services:
Tom Rooney

COURT REPORTER: Susan J. Robidas, LCR/RPR No. 44

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

Reptg. Dept. of Env. Services:
Rebecca Ohler

Reptg. N.H. Housing Finance Authority:
Benjamin Frost

Reptg. N.H. Community Loan Fund:
Richard Minard

Reptg. Conservation Law Foundation:
Christophe G. Courchesne, Esq.

Reptg. The Way Home:
Alan Linder, Esq. (NHLA)

Reptg. Community Action Association:
Dana Nute
Ryan Cloutier

Reptg. the Jordan Institute:
Laura Richardson

Reptg. Residential Ratepayers:
Rorie E. P. Hollenberg, Esq.
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Reptg. the PUC Staff:
Marcia A. B. Thunberg, Esq.
Jack Ruderman, Sustainable Energy Div.
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I N D E X

WITNESS PANEL: RHONDA BISSON
 GILBERT GELINEAU, JR.
 THOMAS PALMA

EXAMINATION

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1 (WHEREUPON, the afternoon proceedings
2 resumed at 1:13 p.m.)

3 CHAIRMAN IGNATIUS: Welcome
4 back. We will continue with the Docket
5 DE 10-188 proceedings. And are we ready to
6 shift to the Joint Utility Proposal
7 presentation? Are there any matters to take up
8 beforehand?

9 (No verbal response)

10 CHAIRMAN IGNATIUS: Seeing none,
11 I guess we'll do that.

12 And Ms. Goldwasser, are you
13 the lead on that?

14 MS. GOLDWASSER: I am. The
15 joint utilities will present a panel of Mr.
16 Gelineau, Ms. Bisson and Mr. Palma.

17 CHAIRMAN IGNATIUS: As people
18 are getting settled, can I just ask, was there
19 any discussion about the next steps on
20 submission by the group of intervenors that we
21 can just get on the record?

22 MR. FROST: Yes. In light of
23 what happened in this morning's discussion with
24 the Commission and amongst ourselves, we would

1 like to propose working from the Jordan
2 Institution proposal of August 10th, that we
3 revise that proposal and submit that to the
4 Commission on September 7th and allow for
5 comments in the additional week by
6 September 14th. And we do not see the need for
7 an additional hearing.

8 We would like some
9 clarification from the Commission on how to
10 proceed specifically. We think that there is
11 room within the existing rules for direct
12 funding by the Commission to these programs.
13 And so we seek that clarification, because
14 we've heard the concerns of the utilities and
15 understand their position and recognize that
16 they do not want to be grant administrators
17 or pass-through administrators. So we would
18 like to know if the Commission would allow
19 for direct funding of these programs, which
20 have been funded by the Commission before.
21 So they're consistent with the existing
22 statute and serve an important public
23 interest. They are ramped up, ready to go,
24 with substantial projects, a number of

1 projects that are essentially shovel-ready.

2 CHAIRMAN IGNATIUS: Well, if
3 you're hoping for that right now, I don't think
4 that's going to happen. So I guess what I
5 would recommend is you, in your proposal on the
6 7th, make your argument on why it's legally
7 permissible. In comments on the 14th, people
8 can either concur with that or present counter
9 arguments, and that would be one of the matters
10 we would have to address. I don't think we can
11 do that in advance and still get something in,
12 in a timely fashion.

13 MR. FROST: As an alternative,
14 if the Commission finds that it is not
15 appropriate to take that route, we would ask
16 that the Commission consider waiving that rule.

17 CHAIRMAN IGNATIUS: All right.

18 CMSR. HARRINGTON: Just in
19 follow-up, couple of questions. First, let's
20 start with the last thing you said, waiving.
21 Which rule are you talking about waiving?

22 MR. FROST: It would be on the
23 secretarial letter of the 16th, Rule
24 260.01(b)(2).

1 CMSR. HARRINGTON: So, allowing
2 funding under some mechanism other than
3 specified by that particular rule.

4 MR. FROST: That's correct.

5 CMSR. HARRINGTON: And you
6 talked about direct funding. Do you mean
7 direct -- would that be not taking the funding
8 through Governor and Council?

9 MR. FROST: Correct.

10 CMSR. HARRINGTON: Just make
11 that clear when you file and say "direct
12 funding" and exactly the mechanism you're
13 referring to, to make it easier for us to
14 decide. Thank you.

15 MR. FROST: Thank you.

16 CHAIRMAN IGNATIUS: Thank you.
17 Is that acceptable to everyone? The 7th for
18 the filing and the 14th for written comments?

19 (No verbal response)

20 CHAIRMAN IGNATIUS: All right.
21 Good. Then please proceed.

22 (WHEREUPON, RHONDA BISSON, GIL GELINEAU
23 and TOM PALMA were duly sworn and
24 cautioned by the Court Reporter.)

1 RHONDA BISSON, SWORN

2 GIL GELINEAU, SWORN

3 TOM PALMA, SWORN

4 DIRECT EXAMINATION

5 BY MS. GOLDWASSER:

6 Q. Ms. Bisson, would you please state your name
7 for the record.

8 A. (Bisson) Rhonda Bisson.

9 Q. And for whom are you employed?

10 A. (Bisson) Public Service Company of New
11 Hampshire.

12 Q. What is your position, and what are your
13 duties in that position?

14 A. (Bisson) I am a customer solutions program
15 manager for PSNH, and in that position I
16 manage a group that provides support to
17 PSNH's Energy Efficiency Program
18 Implementation Team. And part of the support
19 that we provide is providing regulatory
20 support, such as pulling together regulatory
21 reports and Commission filings, such as the
22 Joint Utility Proposal.

23 Q. Have you previously testified before this
24 Commission?

1 A. (Bisson) Yes, I have.

2 Q. Mr. Gelineau, would you please state your
3 name for the record.

4 A. (Gelineau) Gilbert Gelineau.

5 Q. For whom are you employed?

6 A. (Gelineau) Public Service Company of New
7 Hampshire.

8 Q. What is your position, and what are your
9 duties?

10 A. (Gelineau) I am a marketing support manager.
11 And in that role I have overall
12 responsibility for the Company's
13 implementation of energy efficiency programs.

14 Q. And have you previously testified before this
15 Commission?

16 A. (Gelineau) Yes, I have.

17 Q. Mr. Palma, will you please state your name
18 for the record?

19 A. (Palma) Thomas Palma.

20 Q. And for whom are you employed?

21 A. (Palma) Unitil Service Corp.

22 Q. And what is your position, and what are your
23 duties in that position?

24 A. (Palma) I'm the manager of Distributed Energy

1 Resources, and my duties include planning and
2 design of energy efficiency programs, as well
3 as distributed generation.

4 Q. Have you previously testified before this
5 Commission?

6 A. (Palma) Yes, I have.

7 Q. Have each of you assisted in preparing the
8 proposal dated August 10th, 2012 in response
9 to the Commission's supplemental order of
10 notice in Docket DE 10-188?

11 A. (All panel members) Yes.

12 Q. And I understand that that proposal has been
13 marked for identification as Exhibit 57. Do
14 you have any corrections to make to that
15 proposal?

16 A. (Bisson) Yes, we do.

17 Q. And can you please inform the Commission of
18 that correction.

19 A. (Bisson) The correction is on Attachment B,
20 which is on Page 7 of our proposal, and it's
21 under the Proposed Use of RGGI Funds under
22 the ENERGY STAR Appliance Program. And the
23 sentence beginning with, "The utilities plan
24 to begin implementation of these incentives

1 in late November," and then goes on to
2 indicate, "provided continued funding for
3 this program will be available on
4 January 1st, 13." We'd like remove the
5 portion of that sentence that says "provided
6 continued funding for this program will be
7 available on January 1st, 2013." The reason
8 for that is we're planning to begin
9 implementation in November and December. And
10 if we receive approval from the Commission to
11 move forward, we would not know at that point
12 in time -- or it's our anticipation we would
13 not know at that point in time and have a
14 Commission order regarding the 2013 program
15 year.

16 Q. Is the Joint Utility Proposal in response to
17 a Commission order? And this is directed to
18 Ms. Bisson.

19 A. (Bisson) Yes, it's in response to the
20 Supplemental Order of Notice that was issued
21 by the Commission on July 13th, 2012.

22 Q. And is the utilities proposal before the
23 Commission today about only the \$2 million --
24 the approximately \$2 million that is

1 contained in the proposal and also the
2 \$1 million in seed money to fund the
3 beginning of the 2013 program year?

4 A. Correct.

5 Q. I'm going to ask you to very, very quickly
6 walk through the proposal, first with respect
7 to the low-income programs. What are the
8 utilities proposing?

9 A. (Bisson) As you indicated, the first aspect
10 of our proposal just addresses the immediate
11 need for additional funds for low-income
12 weatherization programs in the state of New
13 Hampshire. So our proposal first allocates
14 15 percent of the total RGGI program budget
15 to the residential low-income weatherization
16 program, otherwise known as The Home Energy
17 Assistance Program. And because of the short
18 time frame to expend the funds during the
19 remaining months of 2012, those funds have
20 been allocated to each utility based on the
21 current capacity of the Community Action
22 Agencies in each of the utilities' service
23 area.

24 Q. Second, with respect to the allocation of the

1 remaining funds, how did the utilities
2 propose dividing the funds between
3 residential and commercial and industrial
4 programs?

5 A. (Bisson) Well, overall, 81 percent of the
6 RGGI program budget is allocated to the
7 commercial and industrial sector program
8 budgets, and 4 percent is allocated to the
9 residential sector program budgets that don't
10 have an income-eligibility requirement.

11 Q. And is there a reason that the utilities are
12 making this proposal the way that they are?

13 A. (Bisson) Yes. We're proposing to allocate a
14 higher percentage to the commercial and
15 industrial sector mainly due to the current
16 significant level of demand, customer demand
17 in that sector.

18 Q. Is there also an issue with the Better
19 Buildings Program for residential customers?

20 A. (Bisson) Yeah. In addition, the utilities
21 recently received -- actually, recently
22 partnered with the Better Buildings to
23 provide up to \$2 million in weatherization
24 services to the residential sector only. So

1 when you combine the \$2 million from RGGI, as
2 well as the \$2 million from the Better
3 Buildings, approximately 60 percent of those
4 additional funds are allocated to the
5 residential sector, while 40 percent will be
6 allocated to the commercial and industrial
7 sector.

8 Q. Mr. Palma, do you have any examples of the
9 types of demand these funds are proposed to
10 meet?

11 A. (Palma) I have some general information and
12 some examples. For Unitil specifically, we
13 have approximately \$450,000 in incentive
14 funds for organizations on our wait list as
15 of today. The mixture of lighting projects,
16 HVAC -- heating, ventilating,
17 air-conditioning and -- and that's it. And
18 there's a few other variable-speed drive
19 projects.

20 And two specific examples: One is the
21 medical services facility. It's looking to
22 replace its outdoor lighting with LEDs.
23 Without our funding, the project would have
24 to wait for their funding cycle, about three

1 or four more years; so they would have to put
2 the project on hold. I think it saves
3 somewhere on the order on 50 percent on their
4 outdoor lighting bills.

5 The second project is a pretty
6 substantial project that's being looked at.
7 It's a retirement home. They still have T12
8 fluorescent lamps with magnet ballasts, which
9 is several-years-back technology. They also
10 have some great opportunities on their HVAC
11 equipment. And most of their equipment is
12 beyond their recommended lives. They could
13 save a total of between 40 to 60 percent on
14 all their energy usage if we were able to get
15 them a depth of services and incentives. So
16 those are two examples.

17 Q. Mr. Gelineau and Ms. Bisson, do you have
18 anything that you'd like to add with respect
19 to the PSNH's demand?

20 A. (Gelineau) I can characterize the demand as
21 PSNH has been -- that PSNH customers have
22 made on the resources that we have submitted
23 right now. And in the C&I sector alone, we
24 have some 87 customers on a wait list. Those

1 87 customers have projects that are estimated
2 to be in the range of \$980,000, and they
3 range the gamut between medical facilities,
4 ski areas with economic development impacts,
5 and schools, as well as many small businesses
6 are on the list.

7 I think that the important thing to note
8 here is that any project to be successful
9 needs not only the monies that might come
10 from an incentive program, such as the one
11 that we're offering, but it also requires the
12 monies from the individual customers. And
13 these customers have already budgeted for
14 these projects. Those monies are available
15 this year. So this is what gives us the
16 confidence that we believe we can actually
17 make this happen in the time frame provided.

18 Q. Does the utilities' proposal include only the
19 programs that have been funded by the SBC, or
20 does it include any expansions or new
21 programs or elements to programs? Can you
22 explain?

23 A. (Gelineau) Primarily, it's an expansion of
24 the existing programs. However, there are

1 some new elements. One has to do with
2 heating system rebates -- heating and cooling
3 system rebates. And that particular program
4 is, out of the \$2 million, is budgeted at
5 \$50,000. And essentially what we're looking
6 to do there is to replicate a program that we
7 worked on with the Office of Energy and
8 Planning with ARRA funds earlier during
9 the -- I guess it would have been in the 2011
10 time frame. And that program had earlier
11 been funded at the \$750,000 level or so. And
12 it is intended to assist with the
13 installation of high-efficiency heating
14 appliances and cooling appliances. It also
15 includes thermostats. So these monies would
16 be used in this case for setting up the
17 program and making it available statewide.
18 Originally, this program had been offered
19 statewide, but had only been -- but PSNH had
20 been charged with implementation. In this
21 next evolution, all of the utilities will
22 be -- will work in the program.

23 We're also looking to put the
24 infrastructure in place -- that is, the

1 training of contractors; the rebate forms and
2 the contracts that we might need with the
3 contractors who would be implementing this
4 program or working with us on this program.
5 We expect to spend something in the
6 neighborhood of \$15,000 associated with the
7 setup of the program, and another \$35,000
8 would be associated with rebates that we
9 might offer in the November-December time
10 frame.

11 Q. With respect to the performance incentive,
12 can you please explain the thinking behind
13 the utilities' proposal, Mr. Gelineau?

14 A. (Gelineau) Yes, I can. I think that with the
15 order of notice asking utilities to put
16 together a proposal based on the CORE
17 programs -- and I think, as everyone is
18 aware, since their inception in 2002, the
19 CORE programs have had incentive associated
20 with them. The RGGI grant that the utilities
21 received in 2009 was also another example
22 wherein the utilities had proposed a
23 shareholder incentive. While somewhat
24 different, it was essentially the same form

1 as the shareholder incentive that has been
2 used in the CORE programs, the difference
3 being in that case we used carbon instead of
4 kilowatt hours. But essentially it was the
5 same formulation, very similar to what was
6 used in the CORE programs.

7 And finally, I would point to the fact
8 that the Vermont study provided a number of
9 alternatives or other thoughts in terms of
10 ways in which shareholder incentive could be
11 implemented. It was very clear throughout
12 that report that they felt the shareholder
13 incentive was appropriate.

14 So in answer to the first part of the
15 Commission's question within the order of
16 notice, wherein they asked should a
17 shareholder incentive be allowed, for the
18 reasons I've stated, it's been in the CORE
19 program right along. It's part of the RGGI
20 award that we received. And it's also
21 integral to the Vermont study. We feel as
22 though a shareholder incentive is
23 appropriate.

24 The order of notice goes on to ask the

1 question, well, what level -- you know, what
2 would be appropriate levels? And the
3 utilities believed that the appropriate level
4 in this particular instance would be
5 8 percent. Eight percent represents an
6 incentive that would be earned by the
7 utilities if they met their commitments, if
8 they did exactly what it is that they said
9 they would do.

10 I think that we can look back in the
11 history of the CORE programs, and I think
12 that we'll find that consistently the
13 utilities have met or exceeded the goals that
14 have been set. And so they have consistently
15 delivered and provided the services that they
16 had said they would do, and more, at the cost
17 that they had originally committed to do the
18 work at. So, more work has been done at the
19 price that was originally agreed upon.

20 And so, from our perspective, we have
21 seen no reason why these additional funds,
22 these \$2 million, would be any different in
23 terms of the results we would achieve by
24 implementing essentially the same programs.

1 So we feel as though 8 percent was a
2 reasonable number. "Reasonable" is always --
3 is in the eye of the beholder. And so I
4 think that it's instructive, or it might be
5 helpful to look at from a couple other angles
6 as well.

7 And so what I propose is that, without
8 belaboring the point -- I think everybody
9 realizes that every kilowatt hour that we
10 save is a kilowatt hour for which we receive
11 no revenue. And if you look at this, if you
12 step back from this from a utility's
13 perspective and say, well, we have saved so
14 many kilowatt hours, well, what's the impact
15 on revenues? We look at that impact on
16 revenues from a distribution side alone.

17 Public Service just recently
18 completed -- now, the statement I'm going to
19 make now has to do with Public Service,
20 inasmuch as we are the ones who have recently
21 completed this study. We looked at what is
22 the impact on distribution revenues as a
23 result of the kilowatt-hour savings
24 associated with the CORE programs during the

1 period 2010 to 2015. This includes actuals,
2 as well as projected numbers into the future.
3 And our study basically points to the fact
4 that, if we net the shareholder incentive
5 against the distribution revenues that would
6 be lost, there's a net loss of 16-1/2 million
7 dollars. So, to the extent that we have seen
8 commentary that, you know, the appearance is
9 that there's a windfall profit to the
10 utilities as a result of these -- of the
11 shareholder incentive I think is not taking
12 into account all of the situation, and
13 specifically not looking at the impact on
14 revenues associated with these programs. And
15 if those revenues are also factored into the
16 equation, you see that there's actually a net
17 loss, a significant net loss over this period
18 that we studied between 2010 and 2015.

19 Finally, I guess I'd like to point that,
20 whenever you look at a budget, whether it be
21 your local school budget or your budget at
22 home, there's probably going to be a line
23 item or two that you find that is perhaps not
24 really what you want. There's something that

1 you might not like about it.

2 And so I would suggest that another
3 viewpoint of the shareholder incentive, and
4 actually the programs at large, would be to
5 step back from individual line items and look
6 at the value that's being provided by these
7 programs overall. And that was actually done
8 in the Vermont study. They looked at, well,
9 what is the cost to save a kilowatt hour in
10 the CORE programs. And they found that the
11 cost to save a kilowatt hour for commercial
12 and industrial use, which is the bulk of this
13 particular plan that we have put in place, is
14 1.6 cents. And how does that compare? Well,
15 they compared it to a national benchmark, and
16 that national benchmark said that the average
17 cost is 2.8 cents. So we're saving kilowatt
18 hours for 1.6 cents, and the national
19 benchmark says, on average, programs across
20 the country are saving these same kilowatt --
21 the same kilowatt hour for 2.8 cents. I
22 would suggest that that's telling me that the
23 value received to these programs is
24 significant, and significantly better than

1 other programs that are offered around the
2 country. And so this includes the
3 shareholder incentive.

4 As I said, what I'm suggesting is you
5 step back from the individual items that you
6 may not like about it. But the bottom line
7 is: In the terms of the return on the dollar
8 that we're investing, when you invest that
9 dollar with utilities' CORE programs, we're
10 getting a significant value, and significant
11 as compared to other potential opportunities
12 around the country.

13 So, for those reasons, I believe that,
14 A, we should be getting shareholder
15 incentive; and B, that we believe that
16 8-percent level is a reasonable and
17 appropriate level for this particular
18 program.

19 Q. And just for the record, Mr. Gelineau, when
20 you reference "the Vermont study," are you
21 referencing the independent study of energy
22 policy issues that was prepared by the
23 Vermont Energy Investment Corporation and
24 submitted on September 30th, 2011?

1 A. (Gelineau) Yes, I am.

2 Q. Thank you. Finally, with respect to timing,
3 the utilities requested in their cover letter
4 to their August 10 proposal that the
5 Commission approve the \$2 million expenditure
6 by August 31st, 2012. Given that date is
7 tomorrow, do the utilities have any update
8 with respect to the timing they seek in order
9 to permit them to expend the \$2 million that
10 they proposed during the fall of 2012?

11 A. (Gelineau) We still feel as though the time
12 frame of August 31st is the appropriate time
13 frame. But we realize that -- I think we
14 realize that there's not much time, in terms
15 of the Commission to make a decision.

16 I think that we also realize -- and I
17 hope everyone else realizes -- that this is
18 not an exact science. It's not a
19 mathematical problem. It's an issue of the
20 more time we have, the more likely it is
21 we're going to be successful. So time is of
22 the essence. Time for an approval is part of
23 the answer. And beyond that, I think that we
24 need to be clear that the monies need to be

1 forthcoming as soon as possible after the
2 decision is made, should we be granted
3 permission to move forward with this program.

4 I think, finally, the other timing
5 issue -- and I think that you may have
6 brought this up earlier -- is that, going
7 into next year, the Commission has asked us,
8 in their order of notice, to put together a
9 plan that would expend between \$3- and \$6
10 million. We will be filing that plan on
11 September 17th. But I think it's appropriate
12 to point out at this particular juncture
13 that, should no money be available at the
14 start of the year, it will delay
15 implementation of any plans that we would put
16 forth on September 17th, should they be
17 approved. So the timing issue there is, to
18 the extent that we have no seed money, no
19 start-up money, there would be a delay in the
20 implementation of the programs going into
21 2013.

22 Q. In other words, just to clarify, with respect
23 to the \$1 million in seed money that you're
24 seeking to begin the RGGI element of the CORE

1 programs on January 1st, 2013, it would be
2 very, very helpful to know sooner rather than
3 later, so that that \$1 million may be
4 incorporated into a September 17th filing; is
5 that true?

6 A. (Gelineau) I guess I wouldn't necessarily
7 characterize it that way.

8 Q. That's why I asked.

9 A. (Gelineau) I guess what I would say is, I
10 would say that, to the extent it is not
11 available on the first of the year, there
12 would be a delay in the implementation of any
13 plans that we would put in place on the 17th.
14 So I'm not going to suggest that it would be
15 impossible to do that work. What I am going
16 to suggest is there would be a delay in the
17 implementation. And that -- I would also go
18 on to say that, based on what we know about
19 these efficiency programs, delay or stoppage
20 in the programs causes stop/start actions in
21 programs, causes confusion in the
22 marketplace. And that's not a good thing.
23 It makes it difficult. It creates a bump in
24 the road, if you will, that is confusing to

1 customers, and certainly not in the best
2 interests of having a program that's
3 operating smoothly.

4 MS. GOLDWASSER: I have nothing
5 further.

6 CHAIRMAN IGNATIUS: Thank you.
7 For the utility witnesses, is there any further
8 direct examination?

9 (No verbal response)

10 CHAIRMAN IGNATIUS: All right.
11 In terms of cross-examination, is it agreed
12 upon that anyone will be kind of a lead
13 questioner? We have a lot of parties, and it
14 may be more efficient if one takes the bulk of
15 the questioning. Have you discussed that? Any
16 volunteers? If not, we'll just start working
17 our way around the room.

18 MS. THUNBERG: I only grabbed
19 the mic just to say that we hadn't discussed
20 that point. Sorry about that.

21 CHAIRMAN IGNATIUS: All right.
22 Mr. Frost, you look like you're in the next
23 seat of questioners. If you'd like to -- or if
24 you'd prefer to pass it on to someone else, I

1 think we're open to that. I know that you're
2 not often in our hearings. So if you're less
3 comfortable with that, that's understandable.

4 MR. FROST: In fact,
5 Commissioner, this is my first time in a PUC
6 hearing.

7 CHAIRMAN IGNATIUS: It's a
8 hazing thing.

9 MR. FROST: I recognize the
10 implications of being in direct line of sight
11 with you.

12 CHAIRMAN IGNATIUS: You're going
13 to get here early next time.

14 MR. FROST: My sole question
15 is --

16 CHAIRMAN IGNATIUS: You can be
17 seated. There's no problem with that.

18 MR. FROST: Thank you.

19 CROSS-EXAMINATION

20 BY MR. FROST:

21 Q. My sole question is regarding the shareholder
22 incentive, and recognizing that the Jordan
23 Institute has in its response of August 17th
24 objected to the application of that

1 performance incentive to the 15-percent
2 carve-out -- the implication being that the
3 performance incentive we would agree to being
4 applied to the remaining 55 percent. And so
5 my question is: Would the utilities object
6 to that?

7 A. (Gelineau) I think that I've had a chance to
8 go through and explain our position on the
9 shareholder incentive, and we feel as though
10 that shareholder incentive has applied to all
11 of the programs in the past, both for CORE
12 and RGGI, and the low-income program was part
13 of that in the past. And, you know, I don't
14 see any -- I think that that would be our
15 position, is that what we proposed is where
16 we would like to see it come out.

17 MR. FROST: Thank you.

18 CHAIRMAN IGNATIUS: Thank you.

19 Mr. -- and I forget your name. I'm sorry.

20 MR. CLOUTIER: Ryan Cloutier.

21 I'm all set on that.

22 CHAIRMAN IGNATIUS: Nothing from
23 you? Thank you.

24 And you're from CLF, right?

1 MR. COURCHESNE: Christophe
2 Courchesne.

3 CHAIRMAN IGNATIUS: Courchesne. T
4 hank you. I apologize.

5 MR. COURCHESNE: I have no
6 questions at this time.

7 CHAIRMAN IGNATIUS: All right.
8 Mr. Linder.

9 MR. LINDER: I do have a few
10 questions. I think it would be easier if I
11 were permitted to approach the witnesses.

12 CHAIRMAN IGNATIUS: That's fine.

13 CROSS-EXAMINATION

14 BY MR. LINDER:

15 Q. A question regarding Exhibit No. 60, which is
16 a letter from -- dated July 31st, signed by
17 George Gantz, vice-chair of the Energy
18 Efficiency and Sustainable Energy Board. And
19 have you as a panel seen this letter prior to
20 today?

21 A. (All panel members) Yes.

22 Q. The letter references a meeting of the EESE
23 Board that took place on July 13th of this
24 year. Were any of the members of this panel

1 present at that July 13th EESE Board meeting?

2 A. (Bisson) Yes, I was.

3 Q. And do you recall a discussion at the meeting
4 by the EESE Board members with respect to Mr.
5 Gantz presenting a letter to the Commission?

6 A. (Bisson) Yes.

7 Q. And this letter is the result of that
8 discussion, as far as you are aware?

9 A. (Bisson) Yes, it is. Yes.

10 Q. And just directing your attention to the
11 second page of the letter, the next to the
12 last paragraph that begins with the words "We
13 recognize." See that?

14 A. (Bisson) Yes.

15 Q. And would you be kind enough to just read the
16 last sentence in that paragraph, please?

17 A. (Bisson) Sure. "In those deliberations,
18 however, we ask that the Commission carefully
19 consider options for increasing low-income
20 energy efficiency funding at the earliest
21 opportunity, including the option of using
22 presently available RGGI funds to supplement
23 low-income energy efficiency in the current
24 program year."

1 Q. And are you aware why the recommendation was
2 made that the funding be provided for the
3 low-income program for 2012 as soon as
4 possible?

5 A. (Bisson) Yes. It's my understanding that New
6 Hampshire has experienced substantial
7 reductions in funding for low-income
8 weatherization programs, mainly due to the
9 depletion of funds from the American Recovery
10 and Reinvestment Act, I believe.

11 Q. Thank you. And with respect to the --
12 finally, with respect to the utilities' joint
13 proposal, on Page 2, contained in the
14 discussion of the low-income there was a
15 reference to a July 31st letter. And is that
16 in fact this Exhibit 60?

17 A. (Bisson) Yes, it is.

18 Q. Okay. And Mr. Gelineau, just in reference to
19 your discussion regarding performance
20 incentive -- and I believe that you
21 mentioned, I guess what we would all refer to
22 as a "re: CORE RGGI grant to the utilities in
23 2009." Is that familiar to you?

24 A. (Gelineau) Yes, it is.

1 Q. And if I showed you a document that I don't
2 intend to make an exhibit, but entitled "RGGI
3 Expansion of CORE New Hampshire Energy
4 Efficiency Programs re: CORE August 19th,
5 2009 to December 31st, 2010, Final Report,"
6 are you familiar with that document?

7 A. (Gelineau) Yes, I am.

8 Q. And just to refresh your memory, on the third
9 to the last page there's a chart. And are
10 you familiar with that chart?

11 (Witness reviews document.)

12 A. (Gelineau) Yes, I have seen this chart
13 before.

14 Q. And does that chart reflect on it the fact
15 that the utilities did receive a performance
16 incentive on the RGGI re: CORE program?

17 A. (Gelineau) Yes, it does reflect that
18 information.

19 Q. Okay. Thank you. I have no further
20 questions.

21 CHAIRMAN IGNATIUS: All right.
22 Thank you.

23 Ms. Richardson.

24 MS. RICHARDSON: No questions at

1 this time. Thank you.

2 CHAIRMAN IGNATIUS: Mr. Rooney?

3 MR. ROONEY: No questions at
4 this time.

5 CHAIRMAN IGNATIUS: Mr. Nute?

6 MR. NUTE: No questions.

7 CHAIRMAN IGNATIUS: Ms.
8 Hollenberg.

9 MS. HOLLENBERG: Thank you. I
10 guess I'll direct this just generally to the
11 panel, and I'll defer to you on who might want
12 to answer.

13 Are you familiar with the
14 OCA's response to the joint utilities'
15 proposal which the Office of Consumer
16 Advocate filed on the 17th of August?

17 A. (Gelineau) Yes, I've seen that.

18 Q. And in that response, you would agree that
19 the Office of Consumer Advocate agreed to the
20 proposal as filed, except to the extent of
21 the performance incentive that the utilities
22 requested for the existing \$2 million in RGGI
23 funds. Do you concur with that summary?

24 A. (Gelineau) That's an accurate representation.

1 Q. Thank you.

2 And do you have a response about a
3 response to the OCA's position on the
4 performance incentive, specifically that
5 6 percent rather than 8 percent represents a
6 better balance of the risks and benefits
7 associated with the CORE programs?

8 A. (Gelineau) Well, I believe I went through
9 what I believe is an explanation as to how we
10 came up with the value that we did. And I
11 just -- I don't want to repeat everything.
12 But essentially, we feel as though the
13 8-percent level is not the maximum. It's a
14 level that represents delivery on what it is
15 that we say we would deliver on. And we
16 believe that that is, you know, given our
17 track record where we have consistently
18 over-delivered, we feel as though that's not
19 an unreasonable position to have, that we
20 represent an incentive that is less than a
21 full -- less than the maximum that might be
22 available, but yet it does reflect fully
23 meeting the commitments that we make. And I
24 think that that is -- you know, from a

1 conceptual standpoint, we feel as though
2 that's a reasonable midpoint, if you will.
3 You know, we're going to do exactly what we
4 said we would do.

5 Q. And do you agree that in -- with the \$2
6 million existing funds as proposed by the
7 utilities, that by making the performance
8 incentive a guaranty of 8 percent, the
9 utilities avoid calculating any estimated or
10 expected savings, and so doing that
11 forecasting work and doing the comparison
12 work at the end, in terms of calculating the
13 actual savings versus expected? The
14 utilities are not redoing that at this point
15 for the \$2 million; is that correct?

16 A. (Gelineau) We're not -- we haven't done it
17 for that right now. We will do it at the
18 end. We'll know -- we will have a savings
19 amount that we'll have evaluated once we
20 actually complete the work. But given the
21 time frame, we did not put together all of
22 the benefit cost analyses and all of the
23 savings analyses that might go into a program
24 like this.

1 That said, as we've pointed out, most of
2 the work that we've done, the vast majority
3 of the dollars that we have put into this are
4 in programs that are already in operation,
5 for which you already have information in the
6 prefiled CORE programs for 2012, in terms of
7 their expected benefit costs and savings.

8 And so I think that, you know, we would
9 say that that is a reasonable proxy for what
10 it is that we would expect out of this
11 additional work in the next four months.

12 Q. Is it possible that, if you proceeded and
13 included within your calculations for the
14 year the performance -- the activity related
15 to this \$2 million within that performance
16 incentive calculation for the year, that the
17 \$2 million could result in you recovering
18 less of a percentage on the remaining
19 investments that you've made during this
20 year? Would that bring your performance
21 incentive down if it were included in the
22 calculation? Is it possible?

23 A. (Gelineau) I believe, if I understand your
24 question properly, that, yes, it will. Now,

1 let me just postulate the answer would be,
2 if, for example, we were to earn 10 percent
3 on the portion that has been already approved
4 by the Commission, and we earned 8 percent on
5 this new portion, should it be approved, then
6 the average of those two would be somewhat
7 less than what it was for the overall amount
8 that has already been approved.

9 Q. And that you could avoid lowering the
10 performance incentive -- or the possible
11 lowering of the performance incentive for the
12 other investment that's taken place already
13 by recalculating forecasts specifically
14 related to this 2 million and doing a
15 separate performance incentive calculation;
16 is that correct?

17 So you're avoiding -- I guess what I'm
18 getting at is, you're avoiding doing work, in
19 terms of your forecasts, and you're also
20 avoiding the risk of having your performance
21 incentive for the rest of the year being
22 reduced. Do you agree with that?

23 A. (Gelineau) Well, I certainly agree that
24 we're -- we've avoided work? That's all a

1 matter of perspective. If you could see how
2 much work it was to put this proposal
3 together, there would be some that would
4 disagree with that idea. But I think that
5 it's fair to say that if one assumed that
6 that was part of the work, then, yes, we did
7 not do that. But I would submit to you that
8 our whole intent here was to be responsive to
9 the Commission's request to put together a
10 proposal. And quite honestly, it was a lot
11 of work. I mean, I'm not sure if I've
12 answered your question at this point, but --

13 Q. But I guess the second part of it was that
14 you would also agree, though, that you are
15 not at risk for lowering your performance
16 incentive for the remainder of your
17 expenditures during this year. By your
18 proposal to have a guaranteed 8 percent, you
19 eliminate that risk.

20 A. (Gelineau) I eliminate a risk that, certainly
21 to the extent that you have a guaranty,
22 there's no risk on that. I certainly agree
23 with that. I would also suggest that the
24 only risk might be that, to the extent that

1 we earn more on the portion that's already
2 approved, there's -- you know, had this been
3 included in our original proposal and we had
4 that opportunity to start at the beginning of
5 the year and earn whatever it is we earned on
6 the already approved part, then we've got a
7 risk that we didn't earn as much as we
8 couldn't have. So...

9 Q. Okay. Thank you, Mr. Gelineau. No position
10 by the OCA that you don't put in a lot of
11 work.

12 A. (Gelineau) I didn't interpret it that way.
13 But I just wanted to point out that we did
14 shirk a little bit on this, but it was a
15 tough shirk.

16 MS. HOLLENBERG: Thank you. No
17 other questions.

18 CHAIRMAN IGNATIUS: Thank you.
19 Ms. Thunberg.

20 CROSS-EXAMINATION

21 BY MS. THUNBERG:

22 Q. I may jump around just a little bit because I
23 don't want to lose some of the testimony, Mr.
24 Gelineau, that you had just given. And I

1 believe you said that you had a cost that is
2 below the national average, a kilowatt --

3 A. (Gelineau) I pointed to the Vermont study,
4 the VEIC study. And you can find that in
5 Section 5.8 of the study. I think it's on
6 Page 5.8, in which it states that the cost to
7 save a kilowatt hour for the CORE programs, I
8 think they say something in the neighborhood
9 of it's significantly better than the
10 national average that is 2.8 cents.

11 Q. Okay. I just wanted to clarify. Does that
12 for PSNH include the non-electric savings
13 when that's computed?

14 A. (Gelineau) That includes everything. And
15 that is not for PSNH. That is for the CORE
16 programs.

17 Q. Thank you for that clarification.

18 A. (Gelineau) Those are not our numbers, either.
19 I would just point out that's what VEIC came
20 up with.

21 Q. Thank you.

22 And also, just going back to your
23 testimony in support of performance
24 incentive, I just wanted to ask, when PSNH

1 files a rate case in determining the revenue
2 requirement, is it using forecast -- it does
3 use kilowatt hour sales forecasts in that
4 process; correct?

5 A. (Gelineau) I'm not an expert on that. But
6 no, I think that it uses a test year. It
7 uses a past year to come up with the -- with
8 that figure.

9 Q. Okay. Yes. Thank you.

10 Now, in those estimates -- or those
11 numbers of sales, does that include losses
12 related to energy efficiency?

13 A. (Gelineau) Yes, it does. In other words,
14 what happens is that when you do have a rate
15 case, it essentially resets -- I'm concerned
16 that we're going to get off the track and get
17 into some very esoteric stuff that is not
18 necessarily part of this.

19 But I guess, simply said, you would
20 reset the lost fixed-cost recovery at the
21 point in time that there's a rate case.
22 Again, I don't know where you're going with
23 this. But I'm afraid that, you know, to the
24 extent that this is -- this is likely to get

1 into language that a lot of us are not
2 necessarily familiar with, and that's not my
3 intent here.

4 Q. Is it fair to characterize your testimony
5 today in support of performance incentive is
6 that a performance incentive is warranted, in
7 part, because there are -- there's a loss in
8 kilowatt sales? Is that accurate?

9 A. That's not accurate. I think that what I was
10 trying to do by bringing that part of the
11 conversation in -- what I tried to do was to
12 show that, to the extent that it's felt that
13 the CORE programs, and in particular the
14 performance incentive, is a windfall to the
15 utilities, I just want to make it clear that
16 that's not really true. If you look at the
17 entire picture, you'll see that it's actually
18 very costly from that perspective when you
19 take into account shareholder incentive as
20 well as the lost revenues, the lost
21 distribution revenues -- I'll be specific
22 about -- then it's not a net gain. It's a
23 net loss.

24 Q. I'm going to move on to another subject. And

1 I'm looking at the utilities proposal, which
2 is Exhibit 57. And I'm on Page 7, which is
3 Attachment B. Have you turn to that, please?

4 And this question is to the panel. In
5 the second paragraph, Proposed Use of RGGI
6 Funds, third and fourth sentence down talks
7 about heating system replacements. Is that
8 new?

9 A. (Bisson) Yes, it is.

10 Q. Is there any information on whether that
11 measure is cost-effective?

12 A. (Palma) We didn't provide that information in
13 this proposal. However, the proposal is that
14 there's three sets of information regarding
15 heating systems that have been used over the
16 last three years, and two are being used
17 today. One is GasNetworks, which is a group
18 of -- a consortium of utilities in three
19 states, including New Hampshire, that looks
20 at heating systems, water heating systems
21 controls for residential customers. And
22 those measures have all been deemed
23 cost-effective through various analyses in
24 all three states. There's The Home

1 Performance with ENERGY STAR prescriptive
2 rebate fuel neutral projects that we
3 currently do now, which those -- we've
4 already gone through the analysis to show
5 that those are cost-effective. And there's
6 the list of ARRA projects that Mr. Gelineau
7 discussed earlier. And this short paragraph
8 doesn't tell the whole story. But with the
9 combination of that information, we're only
10 going to pick cost-effective measures that
11 fit into the program.

12 Q. Thank you.

13 A. (Gelineau) I'd like to just add something.
14 Ms. Bisson is correct when she says this is
15 new. But it's new to the CORE programs. And
16 more specifically, I think that it's been
17 pointed out in other portions of this hearing
18 that the federal money that normally accrues
19 to the Community Action Agencies has been cut
20 back significantly. They normally provide
21 this portion of the job. So there is a
22 collaboration on these jobs, and the
23 Community Action Agencies normally provide
24 monies for heating system replacements. They

1 don't have that money. And so what we've
2 tried to do here was to recognize that
3 shortfall that they have on the federal
4 funding level and to provide it through the
5 CORE program. So it wasn't an analysis of
6 cost-effectiveness. It was an analysis of,
7 jeez, the program isn't working right because
8 we don't have the federal funds to make this
9 work. And what we tried to do was to use
10 this opportunity to supplement the existing
11 funds with monies that would normally have
12 come from the federal government.

13 Q. Thank you.

14 I'd like to move down into the ENERGY
15 STAR Appliance Program section and your
16 description under Proposed Use of RGGI Funds.
17 And you talk about a fuel neutral incentive.
18 And can you please elaborate on what that is?

19 A. (Palma) The answer I gave earlier is similar.
20 You know, again, with the other sources of
21 information we have from GasNetworks and from
22 our Home Performance Program, that was
23 evaluated. We're coming up with a list of
24 measures. In simple terms, propane systems

1 tend to be almost identical -- or are
2 identical to gas, natural gas systems, in
3 usage and in cost. Technically, on some of
4 them, or most of them, there's just one minor
5 part that needs to be changed. So we have
6 good data on propane.

7 On oil, we already have data. And we
8 have had that data evaluated in The Home
9 Performance Program. So, for the most part,
10 we have -- the data is all available, and
11 that's the basis for how we're coming up with
12 the list of measures.

13 A. (Gelineau) I had provided information on this
14 a little earlier in the discussion
15 regarding -- when we were talking about the
16 \$50,000 item that's in the budget. And
17 that's what this is. This is a program that
18 we have already implemented using ARRA funds.
19 And one of the driving forces for this was
20 the Office of Energy and Planning, which had
21 received a very high demand for this kind of
22 service. And so it was with their advice and
23 working with them that we said that this
24 makes sense to try to put something like this

1 in place -- again, meaning a repeat of the
2 earlier ARRA program that we had to provide
3 heating systems assistance to customers.

4 Q. Just a follow-up to Mr. Palma. When you were
5 talking about GasNetworks, and I was
6 referring to the fuel neutral incentive, were
7 you stating that it's -- incentives are going
8 to be cost-effective? Is that what you're
9 really implying?

10 A. (Palma) Well, there's two measures of cost
11 effectiveness: One is the total resource
12 cost for the project itself. So, installing
13 a boiler needs to have some level -- a level
14 of cost effectiveness. And the other part is
15 the program cost effectiveness, which
16 includes program costs incentives,
17 administration, marketing.

18 Q. Now, I guess I had a more basic question.
19 Incentive, are we talking rebates here?

20 A. (Palma) Yes, rebates. Sometimes I'm speaking
21 Massachusetts or New Hampshire. They call it
22 incentives in Massachusetts, rebates here.

23 Q. I have another question generally about the
24 programs, because it seems like you're taking

1 an existing Commission-approved program under
2 CORE, and you also have some additions to it.
3 Is there going to be any hierarchy in
4 directing customer -- or directing the funds
5 that we're talking about today to the
6 Commission-approved CORE portion of the
7 program first before you target funds to the
8 additional portions of the programs? Is
9 there any hierarchy in that regard?

10 A. (Gelineau) I could use some clarification on
11 the question. It would be our intent to
12 implement all of these programs in parallel,
13 all of these additions in parallel. I mean,
14 we only have four months to do this. So
15 we're going to be trying to get this all done
16 as quickly as possible.

17 In terms of this particular action, I
18 think I'd indicated earlier that there's
19 going to be some setup time. So, in other
20 words, in terms of funds expenditures, how
21 the monies might get spent, it would be -- in
22 this particular action we're going to need to
23 do some training. We're going to need to do
24 some infrastructure development. Things

1 like, you know, getting rebate forms printed,
2 for example: Having agreements with
3 contractors; have systems in place to track
4 the results; work with a rebate processor to
5 process rebates. And that infrastructure's
6 going to have to be set up before we can
7 actually do a rebate. But as soon as that's
8 in place, then we would look to go on and
9 actually implement the program and provide
10 rebates to customers.

11 Q. I'm curious with why the utilities are
12 changing the programs. Was there not enough
13 customer demand for the existing programs,
14 such that you could have just taken these new
15 RGGI funds and then had more customers
16 involved in the programs?

17 A. (Gelineau) As I mentioned, when we talked to
18 the Office of Energy and Planning, they had
19 indicated that this was the most
20 sought-after, demanded item that they have
21 gotten from customers. And so we also had
22 seen a demand for this when we implemented
23 the ARRA program. So we feel as though the
24 demand is there, based on our own experience,

1 as well as more recent experience that OEP
2 had reported to us.

3 Q. Gosh, I can't find it right at my fingertips.
4 But in one of these programs you are
5 increasing the rebates, and I wanted to ask
6 why you were increasing the rebates. I guess
7 if I look at the Home Energy Assistance
8 Program -- let's see. Last sentence.
9 Customers would receive an incentive amount
10 separate from the \$5,000 in the existing
11 program?

12 A. (Gelineau) Okay. That's the part that we
13 discussed earlier, wherein we were talking
14 about these would be heating systems
15 replacement. And again, this was to take
16 into account the fact that the federal
17 government has cut back on the funding that
18 they have given to the CAPs. And the CAPs
19 had previously been providing this money.
20 And so if that's what you're referring to as
21 an increase, that's what that is all about.
22 We're supplementing the CORE funds with these
23 additional funds to make up for the fact that
24 the CAPs don't have federal monies.

1 Q. Appreciate that explanation.

2 If I go down to HPwES in the Proposed
3 Use of RGGI Funds paragraph, same similar
4 language. Customers can receive heating
5 system rebate separate from... and it has a
6 dollar amount of \$4,000 in existing programs.
7 So what are these additional rebates?

8 A. (Palma) I'll answer. That's what I was
9 discussing earlier. It's the prescriptive
10 rebate on heating systems that we offer today
11 in the HPwES program. So it's no different.
12 It's just a reminder written into this plan.
13 It's the same program mirrored exactly from
14 SBC to RGGI.

15 Q. If I can switch gears a little bit to
16 accounting. Will the Company -- the
17 utilities be tracking the RGGI-related
18 program costs separate from the CORE-related
19 program costs?

20 A. (Palma) Yes.

21 A. (Gelineau) Yes.

22 Q. On the flip side for savings, will the
23 companies be tracking the RGGI savings
24 separate from the CORE savings?

1 A. (Palma) Yes.

2 A. (Gelineau) Yes.

3 MS. THUNBERG: I think Staff's
4 done its questioning. Thank you.

5 CHAIRMAN IGNATIUS: Thank you.
6 Commissioner Harrington, questions?

7 CMSR. HARRINGTON: Yeah, I have
8 a few questions.

9 INTERROGATORIES BY CMSR. HARRINGTON:

10 Q. Staying on this same exhibit that we were
11 dealing with, with the joint utilities
12 filing, I guess starting back on Page 2, I
13 have a couple questions back there.

14 We've had a lot of discussion on this
15 "experienced in substantial reductions in
16 funding due to the depletion of available
17 funds under the American Recovery and
18 Reinvestment Act." It sounds as though this
19 comes as a shock to people. But that was
20 more of a usage of a windfall rather than a
21 reduction in funding. Did anybody on the
22 panel think that that money was going to last
23 forever?

24 A. (Palma) No.

1 A. (Gelineau) No.

2 Q. So, basically what we're doing is we're
3 restoring funding to historical averages, not
4 seeing any drastic cuts from a one-time bonus
5 program. Would that be more correct?

6 A. (Gelineau) Well, I think what we're doing
7 here is we're --

8 Q. No, I'm saying in describing the program, it
9 was being restored to the historical amounts
10 of funding that were in place before they got
11 the windfall money from the ARRA program.

12 A. (Gelineau) I think that's accurate. It's
13 perhaps a little bit more than what it had
14 been in the past, inasmuch as the RGGI funds
15 had been targeted at 10 percent, and we've
16 suggested it should be 15 here.

17 Q. Which jumps right into my next question.
18 Given the fact that existing law states that
19 at least 10 percent of the RGGI proceeds
20 should be used for low-income residents, and
21 that has been repealed effective January 1st
22 by the legislature, there is no longer any
23 minimum requirement for that whatsoever. Why
24 not stay with the 10 percent rather than

1 increase it to 15 percent?

2 A. (Gelineau) Well, the 15 percent dovetails or
3 parallels with what's being done in the CORE
4 programs. The CORE program is at 15 percent.
5 So this, in recognition, also, of the letter
6 that came from the EESE Board, we felt that
7 this was an appropriate proposal.

8 Q. Moving down to the bottom of that page, the
9 last paragraph, maybe a little bit of
10 explanation -- I'm trying to -- is this
11 allocation of funding based on capacity of
12 the CAAs, has this been established?

13 A. (Gelineau) Yes, this was worked out with the
14 Community Action Agency. So, for example:
15 If you look at the distribution, you'll see
16 that --

17 Q. I'm sorry. If I look at the distribution,
18 where would I find that?

19 A. (Gelineau) Next page.

20 A. (Palma) Page 3.

21 Q. Okay.

22 A. (Bisson) Be Attachment A.

23 Q. Attachment A. Okay.

24 A. (Gelineau) I think the thing to look at is

1 the fact -- that's on Page 6.

2 Q. Okay. Got there.

3 A. (Gelineau) If you look across, you'll see
4 that the funding level for PSNH and Unitil
5 are essentially the same; albeit, you know,
6 the company sizes are somewhat different.
7 And the reason for that is that the capacity
8 of Belknap-Merrimack Community Action Agency,
9 for example, which covers a lot of Unitil's
10 service territory, is significant. And
11 that's where a lot of the work was going to
12 be done. So this reflects what it is that
13 the CAPs can actually do. And, again, we're
14 coming back to the idea that the Commission
15 wanted us to put together a proposal that can
16 be done within the next four months. So
17 that's what we're trying to react to.

18 Q. So if I follow what you're saying then, you
19 went out to the CAAs and said, how much more
20 projects can you get done within this period
21 of time, and then you assess the money
22 according --

23 A. (Gelineau) We worked together with them to
24 work out that project.

1 Q. That helps. Thank you.

2 This is directed to Mr. Gelineau. You
3 had stated that between 2010 and 2015,
4 participation in the CORE program would
5 result in a loss of revenues net performance
6 incentive of about \$16 million to Public
7 Service. I'm just trying to follow up on
8 that. That is correct, what you stated?

9 A. (Gelineau) I said sixteen-five. Yes, that's
10 true.

11 Q. Okay. Sixteen-five. Okay.

12 And getting back to what Staff had
13 spoken on this, just so I can get clarified,
14 because, after all, you are the one who
15 brought the subject up, couldn't you go to a
16 rate case and show this loss and get
17 compensated for it?

18 A. (Gelineau) In a rate case -- the process of a
19 rate case would in fact true this up and
20 bring it back down, such that the company's
21 revenues would be reflective of the level of
22 sales. And so those things would be reset,
23 if you will. And it's only in the interim,
24 between rate cases, that this tends to --

1 this situation gets exacerbated, quite
2 frankly, in the "out" years. You're
3 accumulating kilowatt hours that aren't
4 compensated for. And the longer you go
5 between rate cases, at least from this
6 perspective alone, creates larger losses, if
7 you will, or larger sales that aren't
8 accounted for. At the point in time that you
9 come to a rate case, those kilowatt hours --
10 the new level of sales is accounted for in
11 the new revenue requirements, and so that
12 essentially the history gets wiped out and
13 you start all over again.

14 Q. So it takes time, but eventually it gets
15 trued up. It doesn't show up as a loss.
16 Every five years you're not loosing 16-1/2
17 million dollars. Eventually you get the
18 money back.

19 A. (Gelineau) We don't get that money back, no.
20 That's not true. What happens is that --
21 those dollars are gone. But what happens is
22 any future dollars associated with that, you
23 wouldn't continue to accrue those losses. I
24 mean, at that point it would come back to

1 zero, if you will.

2 Q. Yeah. My choice of words wasn't correct.
3 You get back -- you get trued up over time.

4 A. (Gelineau) You get trued up over time.
5 That's correct.

6 And I will say in this analysis we have
7 not assumed there would be a true-up
8 between -- no additional true-ups through
9 2015.

10 Q. Okay. Moving on to Page 4, there was some
11 discussion with OCA on performance
12 incentives. And the word "guaranteed"
13 8 percent came up a couple times. And I'm
14 looking at the formula at the bottom of
15 Page 4, and that strikes me as the
16 performance incentive is based on
17 performance. So, how would -- how are we
18 saying that's a guaranty?

19 A. (Gelineau) Well, if you look at the factors
20 involved, the guaranty comes in by virtue of
21 the fact that the ratio of the benefit
22 cost -- actual to benefit cost planned has
23 been set to one, and the savings ratio of
24 actual savings to plan savings has been set

1 to one, and therein lies the guarranty.
2 That's what essentially makes it so that, if
3 you actually were doing the calculations,
4 would have the before number and the after
5 number and create a ratio of those two. As
6 we pointed out, we did not go through the
7 exercise of coming up with the before numbers
8 in this case. So we're not going to have
9 those numbers to do the calculation. And so
10 we're suggesting that a simplified approach
11 might be to do what we're suggesting here.

12 Q. But in the normal CORE program, you do use a
13 case where those calculations are actually
14 done.

15 A. (Gelineau) Absolutely.

16 Q. It could be less be the 12 percent
17 guaranteed.

18 A. (Gelineau) Yes.

19 Q. So if I get this straight, then, due to time,
20 you're setting those to -- the ratio before
21 and after the one. And then, as a result of
22 that, instead of getting with a possible 12
23 percent, you're dealing with a guaranteed
24 8 percent.

1 A. (Gelineau) That's correct.

2 Q. Okay. And moving along one more -- no. I'm
3 sorry. I got to go backwards one page, I
4 think. No, the other way.

5 It's on Attachment B, Page 7. This is
6 under the ENERGY STAR Appliance Program,
7 Proposed Use of RGGI Funds. And the very
8 last statement there says, "and to educate
9 heating system installers on implementation
10 of this program." How much money are we
11 talking about, and what exactly are you doing
12 there?

13 A. (Gelineau) The total amount of money for this
14 program that we've set aside here is \$50,000.
15 Our estimate is that approximately \$15,000 is
16 going to be used to set up the
17 infrastructure, and 35 of that 50 will be
18 used for rebates. So a portion of that
19 \$15,000 would be set aside to do training for
20 contractors, to provide the computer system
21 upgrade that we might need in order to track
22 this, to work with the rebate processor. We
23 expect to contract that out. And we would
24 have some costs associated with getting that

1 set up, where we'd have a rebate process that
2 would actually process the rebates for us.
3 We would also look to have an agreement with
4 contractors so that we could work that out.
5 And that agreement, along with some training,
6 would be a portion of this \$15,000. Those
7 are some of the elements that would go into
8 that infrastructure setup.

9 Q. I'm just trying to follow this "educate
10 heating system installers." So there are
11 private companies out there whose business is
12 to install heating systems, and they need to
13 learn something about how to fill out the
14 right forms for this program or something?
15 What is it they need to be educated about?

16 A. (Gelineau) Informing them about the program;
17 providing them with the information, in terms
18 of what it is they need to provide in order
19 to get their customers the incentive
20 associated with this program. We're not
21 going to be training them necessarily on how
22 to install particular --

23 Q. No, I didn't think that was the case.

24 A. (Palma) If I could make the analogy, on the

1 gas side, we have the GasNetworks Program
2 that I mentioned. That program contractors
3 drive the marketing of the program, and they
4 do a pretty good job in all three states --
5 Mass., New Hampshire and Rhode Island. And
6 part of that success has been through the
7 GasNetworks consortium, doing training
8 periodically for these contractors, so they
9 know what to do, when to do, and which
10 equipment actually qualifies, because just
11 being ENERGY STAR doesn't always mean you get
12 a rebate, because the bar keeps rising and
13 rising. So the last thing we want is for
14 someone to send in an application thinking
15 they're going to get a rebate, they've
16 already installed the equipment, and to tell
17 them no is really a bad place for everybody.
18 So there's a lot of -- it's sort of
19 hand-holding, slash, training to make sure
20 that when you're telling a customer, Hey,
21 you're entitled to some kind of rebate, it's
22 actually true and that we can fulfill it.
23 Q. But these companies that are out trying to
24 make a profit by selling more heating

1 systems, wouldn't it be in their best
2 interest to figure this stuff out for
3 themselves without someone having to -- for
4 the ratepayers -- to have to, as you put it,
5 hold their hands?

6 A. (Palma) In the perfect world, yes. In
7 reality, we need -- we do the same kind of
8 training, you know, when there's a new
9 program. Just putting it on the web site or
10 sending out a couple letters to the
11 contractors isn't always going to do it. So
12 we have to bring them onboard. And we do
13 want them -- you know, in a marketing sense,
14 they should be spending their time marketing,
15 so we could save -- we don't really use our
16 money, because they're the ones that will
17 drive it.

18 CMSR. HARRINGTON: Thank you.
19 That's all the questions I have.

20 CHAIRMAN IGNATIUS: Commissioner
21 Scott.

22 INTERROGATORIES BY MR. SCOTT:

23 Q. Good afternoon.

24 A. (All panel members) Good afternoon.

1 Q. And I'll say upfront, thank you for the work
2 on your proposal.

3 Let me start with the performance
4 incentive discussion. Obviously, it's -- and
5 my questions, by the way, I'll start now,
6 will apply to whoever thinks they're best to
7 answer it.

8 Obviously, your proposal, as you
9 discussed, talked about 8 percent. The OCA
10 has in their submittal talked about
11 6 percent. There's some implication from
12 some that it should be zero percent. I was
13 curious if you could help me understand the
14 impacts, let's say, for instance, if it was
15 6 percent instead of 8 percent. What are the
16 impacts of these suggestions to the
17 utilities?

18 A. (Gelineau) Well, I think that, you know --
19 are you referring to the dollar amount? I
20 mean, we can do the calculation. But
21 essentially, it's 2 percent of what -- and I
22 think that we tried to -- I've tried to
23 communicate a logical, you know, why would it
24 be 8 percent. And I think that, going back

1 to Commissioner Harrington's question, we
2 said that there were a couple of -- those
3 parameters were set equal to one. Well,
4 essentially what that's saying is, when you
5 set the actual savings equal to the planned
6 savings, and you say that that ratio is one,
7 what you're saying is we're going to deliver
8 all the savings that we plan to deliver.
9 That means we're meeting our commitment. And
10 the same thing is true when we talk about the
11 benefit cost or the cost effectiveness with
12 which the program is implemented. We feel as
13 though we have done those calculations for
14 the programs that have already been approved
15 for 2012, and we feel as though we will be
16 successful. And we have no reason to believe
17 that these additional jobs or projects that
18 we will do, if approved for this \$2 million,
19 will be any different. And so we feel as
20 though we may do better than 8 percent. But
21 we're saying, in our view, you know, that's a
22 reasonable compromise. That was felt to be
23 our best compromise, and that's why we put
24 that number down. This is not -- there may

1 not be any correct answer for this. It's a
2 judgment call. And I think that our judgment
3 is that to -- our judgment is that we're
4 going to deliver and do the job that we said
5 we were going to do. And if that's the case,
6 then 8 percent is the right number.

7 Q. And following that -- so, for instance, if
8 the OCA's 6 percent were to be what's
9 awarded, does that mean the program would act
10 differently, or would there be any
11 ramifications on that?

12 A. (Gelineau) I think that it's clear that the
13 utilities have always endeavored to do what
14 it is they're directed to do by the
15 Commission.

16 A. (Palma) I think, also, we do have a working
17 group that's looking at the incentive. And
18 to start shifting away from the norm
19 midstream for this reason or that reason -- I
20 think I had this similar discussion at the
21 last hearing -- you know, it really starts a
22 precedent of starting to pick away at
23 different programs for different reasons,
24 that consistency should stay with the

1 8 percent and see what happens with the
2 working group down the road.

3 Q. And again, I think with the Staff, you
4 mentioned you would effectively be
5 segregating each of these programs, the RGGI
6 money compared to what you already have.

7 A. (Palma) Yes.

8 Q. As far as that could result, obviously, in
9 different performance incentives for
10 different sources --

11 A. (Gelineau) In all likelihood, it will be
12 different, unless, of course, the performance
13 incentive associated with the ARRA-approved
14 programs turns out to be 8 percent. But, you
15 know, the odds aren't good.

16 Q. So, does that create any problems?

17 A. (Gelineau) If they're different? No, I don't
18 think it causes any problems if they're
19 different. But I think that we tried to put
20 together something that wasn't arbitrary --
21 totally arbitrary, you know. And as I say,
22 non-arbitrary is we're going to deliver on
23 what we said we're going to do. And if we
24 agree that that's a reasonable approach, then

1 a reasonable number is 8 percent.

2 Q. Okay. Thank you. Obviously, the plan
3 addresses \$2 million as originally
4 envisioned. As I'm sure you're aware, there
5 are two more auctions for this calendar year
6 for RGGI. Assuming they're similar to the
7 last one, it would be roughly \$2 million
8 each, if you assume that. So that would be
9 an additional \$4 million in that scenario.
10 Do the utilities have a plan, prior to 2013,
11 in those eventualities?

12 A. (Gelineau) The eventualities that we would be
13 asked to spend more than \$2 million?

14 Q. Yeah. Thanks.

15 A. (Gelineau) I think what we tried to convey
16 this morning, and this afternoon, is that our
17 plan is for \$2 million. And we feel as
18 though we can be successful with that. And
19 beyond that, we're not prepared to -- we're
20 not prepared to offer anything at this
21 particular point, other than to say that we
22 feel as though it's important to understand
23 that if we are to hit the ground running in
24 2013, there should be some monies available

1 to do that in the till come 1/1/13.

2 Q. Thank you. That brings up my third question.
3 I was hoping -- and again, if it was going to
4 come up later, I can wait, but I think now is
5 the time. Can you flush out the seed money
6 concept that was originally introduced a
7 little bit?

8 A. (Gelineau) What we're saying is that, if we
9 are to begin implementation of the programs
10 that we will propose in our September 17th
11 filing, we will need some funding to do that.
12 And to the extent that funding isn't
13 available, we would need to delay the
14 implementation. And that's really all we're
15 saying. If there are delays, I also tried to
16 point out that, you know, that is likely to
17 cause customer confusion, potentially in
18 terms of implementation of a program
19 generally. But it's going to depend on the
20 specifics. If it's a delay or a hold on the
21 implementation of an existing program, that's
22 far more confusing than we just delay the
23 beginning of a new program.

24 A. (Palma) The best example would be the

1 appliances program with the fuel neutral
2 measures. If we gear up the contractors and
3 at the same time gear up the customers that
4 we're going to start a program in
5 November-December, and then run out of
6 funding and have to stop it, it could have a
7 big negative effect when we restart it in
8 April, or late March. That start/stop
9 really, especially for contractors, could
10 have a really, you know, downward trend on
11 their trust in that we'll actually be there,
12 able to assist them, when they convince a
13 customer to go from a standard piece of
14 equipment to a 90-percent ENERGY STAR,
15 top-of-the-line piece of equipment. So
16 that's one of our big concerns.

17 Q. So, just so I understand the mechanism of the
18 proposal from this morning, if I understood
19 it right, \$2 million which you have in the
20 proposal, and then a million dollars as seed,
21 if you will, which is the term that was used,
22 are we being asked to effectively bank that
23 money and then disburse it? What is the
24 actual mechanism?

1 A. (Gelineau) I think that I would more
2 characterize it as to appraise the Commission
3 of the situation so that they can make -- you
4 can make the most informed decision. Should
5 you decide not to have any money in the till,
6 if you will, at 1/1/13, we're going to be in
7 a situation where we're going to be delaying
8 implementation until such time as funds are
9 available. So we want to call out to your
10 attention now, before those monies might get
11 spent on other purposes, that, to the extent
12 there is no money available at that time, it
13 could cause a delay in implementation in
14 2013.

15 Q. That's helpful. Thank you.

16 CMSR. SCOTT: That's all I had.

17 INTERROGATORIES BY CMSR. IGNATIUS:

18 CHAIRMAN IGNATIUS: Well, I'm
19 still a little lost. It may be that we're
20 using words differently.

21 When you say, unless there was
22 some money set aside -- presumably from
23 anything over \$2 million between now and
24 December 31st -- unless that were set aside

1 and put into the utility accounts for
2 January 1st and thereafter, you would have
3 trouble implementing, do you mean continuing
4 the programs that are -- that you're laying
5 out here, or do you mean -- I think of
6 implementing as beginning, starting --
7 A. (Gelineau) I think Mr. Palma just
8 indicated -- you know, used an example of if
9 we were to continue this heating system
10 rebate program, for example. If in December
11 we had monies associated with the potentially
12 approved program here and were making
13 rebates, and then come January 1st we had no
14 money, then the work that we had done with
15 heating contractors, for example, we would
16 need to make sure that they were up to speed
17 that, hey, come 1/1/13, we don't have money
18 anymore and we have to wait until sometime
19 later on before we would be able to honor
20 additional rebates. And so that's really the
21 only thing that we're trying to convey, is
22 that, to the extent that there is no money
23 available at the beginning of the year, we
24 may have to delay implementation of a program

1 in order to wait until the funding is
2 available.

3 Q. But you're really talking about continuity,
4 aren't you --

5 A. (Gelineau) Yes.

6 Q. -- that if you expand these programs now with
7 additional funding through the end of this
8 year, and there is no more RGGI influx of
9 money until the March auction, you wouldn't
10 want to have to pull back on those programs
11 until new money comes in.

12 A. (Gelineau) That's well said. In other words,
13 to the extent that you have a program that
14 would go forward into 2013, that is solely
15 funded by RGGI funds, then, in the event that
16 there are no RGGI funds, then that program is
17 going to be delayed either in its initial
18 implementation or its continued
19 implementation.

20 Q. And the program design and budgets for
21 January 1st and thereafter are part of what
22 you're developing for the Commission's
23 consideration in the next docket; correct?

24 A. (Gelineau) Correct.

1 Q. So, some of those transitional issues could
2 also be addressed in what you bring forward.

3 A. (Gelineau) Absolutely. I think that the only
4 thing that we felt was important today was to
5 make it clear that this issue was out there
6 and that we realize that the Commission may
7 be making other decisions regarding funding
8 and use of these funds. And we just wanted
9 to make this known that this is, you know, a
10 potential issue that should be considered as
11 you're considering everything else that
12 you're looking at.

13 Q. One other question on this. I always think
14 of the phrase "seed money" as meaning starter
15 funds to do something new, starting a
16 nonprofit or some new venture. And as you're
17 describing it, it sounds not like that so
18 much as continuation of the proposals you're
19 making here.

20 Are you also envisioning this seed money
21 as meaning funding wholly different programs
22 than we've been talking about today?

23 A. (Gelineau) Well, that's certainly a
24 possibility, yes. In other words, we're not

1 prepared to talk about what we're going to
2 offer in September in that proposal. But to
3 the extent that we had a new program that was
4 solely funded by RGGI monies, there would be
5 a potential delay there because we would have
6 no funds to begin the implementation. And
7 again, it's merely trying to call that out
8 as -- not saying there's a -- not saying
9 that's insurmountable. But if that's the
10 decision, then we want you to know the
11 consequences before you make a decision.

12 Q. If I followed your description of the
13 proposed expansion of the ENERGY STAR
14 Appliance Program correctly, it started with
15 OEP-funded money -- an OEP program with ARRA
16 funds. And it was successful and a high
17 demand for it. So you looked to it as
18 something you could absorb into a CORE
19 program; is that right?

20 A. (Gelineau) Right. But at this point, that
21 program doesn't -- no, there's no other
22 source of that program at this particular
23 juncture.

24 Q. Have you looked at any other successful

1 programs that may have been funded through
2 ARRA or otherwise that also are good and that
3 you could absorb into a CORE program?

4 A. (Gelineau) We're going through that process
5 right now.

6 Q. And that could include ARRA funding. Could
7 it also include anything that's currently
8 funded with RGGI money?

9 A. (Gelineau) I don't think that we've got any
10 item that's blacklisted, if you will. I
11 mean, I think that anything is -- you know,
12 if anyone has suggestions, we're open to
13 those.

14 Q. You also said that the ENERGY STAR Appliance
15 Program expansion would require some setup
16 time training and some expenditures for that.
17 Are there any other of your allocated funds
18 that you're proposing in Attachment A going
19 to require that kind of setup?

20 A. (Gelineau) I would suggest that probably --
21 again, it's kind of a repeat -- but there's
22 some funding set aside, some \$25,000 for
23 education. And in that bucket we have things
24 that we're going to be providing primarily on

1 codes training. And in that arena, there's
2 some manual -- some code manuals that we're
3 going to be putting together. You know, I
4 wouldn't necessarily say that that's
5 start-up, but it is -- you know, it may fall
6 in that in some people's minds, into that
7 realm. But the bulk of the monies are going
8 to be for continued incentive programs for
9 the C&I sector.

10 Q. So let's look at the allocations there in
11 your Attachment A to Exhibit 57.

12 You have parceled it out, utility by
13 utility and program by program. Is there a
14 good expectation that each of the utilities
15 can successfully use the funds in each of
16 those programs between approval date and the
17 end of December?

18 A. (Gelineau) Yes. And the reason -- you know,
19 I think that we tried to give some sense --
20 and Mr. Palma went over some of the projects
21 that Unitil has. I tried to indicate that we
22 have some 87 projects that are intended to
23 address the first three items under the
24 commercial and industrial list. And you can

1 see, for example, in other instances, there
2 is zero dollars in some buckets for some
3 utilities. So, I mean, that's reflective of
4 the fact that the utilities have looked at
5 the demand for the individual programs and
6 what they expect their customers are going to
7 actually be able to go forward with and be
8 able to implement in terms of projects. So
9 we have tried to do this in a way that we
10 feel is realistic, in terms of we can
11 actually get this done. It's not done
12 strictly on, well, this is the number of --
13 this was your megawatt hour sales last year
14 and this is your proportion of the money.
15 That's not the way it was done. It was
16 looked at based on a demand for each program
17 at each utility.

18 Q. And we know that in some prior dockets, or
19 prior portions, probably, of this docket,
20 we've looked at times when it's been hard to
21 market a program that requires a significant
22 capital outlay from the customer. Some
23 businesses were in tough shape, and this was
24 no time to be taking on new investments. And

1 so some of the SBC funds were not being
2 spent. Is there a concern that this could
3 fall into that same camp and money be
4 allocated just, say, if the customers are
5 unable or unwilling to pick up their portion
6 of the project?

7 A. (Gelineau) That's an excellent question,
8 Commissioner. I think that I tried to
9 indicate earlier that the customers that we
10 have talked to have been indicating they have
11 a planned budget for these projects this
12 year. So the 87 customers that I've got
13 right now lined up have indicated that they
14 have the funding for this. We feel this is
15 going to be not an easy task. I don't want
16 to say that this is all in the bag right now,
17 if you will. I think that this is not going
18 to be easy. But we have -- I think that we
19 have a reasonable chance of being successful
20 with this. And I think that we have done our
21 homework, in terms of looking at what it is
22 that we have for customer demand, and are
23 prepared to go forward if we get approval to
24 do this.

1 A. (Palma) And that's the same for Until. We
2 have, looks like, quite -- well, tripled the
3 demand than what's budgeted in here for our
4 commercial customers. And some that don't
5 have any capital can participate in our C&I
6 loan program, which will hopefully make up
7 the difference. So we feel pretty confident
8 that we can get through that \$172,000. And
9 then a lot of the other pieces -- the HEA
10 piece, the CAP agencies -- that's what they
11 indicated. In those cases, the customers
12 receive 100 percent rebates. So it wouldn't
13 be a customer issue. It would be the ability
14 of the CAPs to actually get out there. And
15 then there's other small amounts of money,
16 that we feel we can get through the money
17 hopefully before December.

18 Q. Do you know if the CAPs, when you queried
19 them, could they handle a certain amount of
20 money, they said yes or that this is the
21 maximum they could handle?

22 A. (Gelineau) We approached them with a specific
23 amount. And so we said, we believe that --
24 if we set aside 15 percent, roughly \$275,000,

1 how would you actually go about spending it?
2 What Community Action Agencies would be
3 involved? Where would the units be done?
4 What utility service territory? And so that
5 was an analysis that was done with the
6 Community Action Agencies, to actually review
7 that and see exactly where that could be
8 done. And that's how it is that we came up
9 with these numbers. So they're based on
10 where the work will be done.

11 Q. Am I right that, in the programs where you're
12 proposing additional rebates, the thinking is
13 that you're already got the program
14 established; you've already got the contacts
15 with the customers; you're already going to
16 be in the home, anyway; so while you're
17 there, you can offer additional services
18 rather than having to go out and look for new
19 people in the next few months? You just do
20 more for the people that you --

21 (Court Reporter interjects, as parties
22 are speaking at the same time.)

23 A. (Gelineau) I said that the customers that
24 we're talking about in this case are business

1 customers as opposed to residential
2 customers, for the most part. And in that
3 case, many of the customers that we are
4 looking at for these funds are different from
5 the customers who have already been served
6 this year. They're additional customers.

7 Q. Okay. And you're right. I apologize. I
8 crossed over my programs there.

9 So, some of what you will have to do is
10 to reach out to new customers, or are they
11 people who are on waiting lists?

12 A. (Gelineau) For the most part, they're people
13 on waiting lists. We have some -- well,
14 we're \$20,000 short of a million dollars
15 right now of identified projects. So, much
16 of what it is -- and that's over 87
17 customers. So we have a wait list that is --
18 we feel is pretty strong, in terms of real
19 prospects with customers who have the funds
20 and are interested in proceeding on projects.

21 Q. And still on Attachment A -- I'm almost
22 finished with it -- why is it that Granite
23 State is the only one allocated HPwES money?

24 A. (Palma) I think Mr. Stanley, who is in the --

1 out there in the audience, is the best person
2 to answer that question.

3 MS. KNOWLTON: We'd be glad to
4 have Mr. Stanley sworn in if that's helpful to
5 answer the question.

6 CHAIRMAN IGNATIUS: Yeah, I
7 don't want to -- we're getting short on time.
8 Maybe just an offer of proof. Is there sort of
9 an easy answer to --

10 MR. STANLEY: It's based purely
11 on our projected customer demand and --

12 (Court Reporter interjects.)

13 MR. STANLEY: They are estimates
14 based on purely what we see for potential
15 projects in our territory and estimated
16 customer demand, and based on activities so far
17 to date. So it's purely a bottoms-up estimate
18 and getting feedback from our contract
19 programs.

20 A. (Gelineau) I think another point of reminder
21 is that this is a program with which we've
22 partnered with Better Buildings. And so, for
23 example, Public Service, we have an extra
24 million and a half dollars that we've got in

1 that program through the Better Buildings
2 avenue. So that's why we're not looking for
3 additional funding here.

4 A. (Palma) That's the same for Unitil as well,
5 and I believe the Co-op as well. We have
6 extra funding for Better Building.

7 Q. All right. That makes sense. Thank you. I
8 think that does it for me.

9 Commissioner Harrington, you had another
10 question?

11 CMSR. HARRINGTON: Yeah, just a
12 couple quick follow-up questions.

13 INTERROGATORIES BY MR. HARRINGTON:

14 Q. On the same exhibit, Page 8, under the Energy
15 Code Training, how much money is being spent
16 on that this year, and how much additional
17 funding is going there? Is that in one of
18 your charts?

19 A. (Gelineau) We have a total of \$25,000
20 associated with that.

21 Q. Is that existing or --

22 A. (Gelineau) That is new funding. All of that
23 is going into essentially for code-related
24 work.

1 Q. How much was there already this year then?
2 I'm sorry. I didn't see it if it was in the
3 chart.

4 A. (Gelineau) You mean in the already approved
5 programs?

6 (Pause in proceedings)

7 Q. Yes. Well, if you don't have that right now,
8 it's something we can get later. It's no big
9 deal.

10 I'm trying to follow up on a little
11 confusion I've got on rolling into next year.
12 It seems like what you're saying is the
13 million dollars would be used to be able to
14 keep the programs going after 12/31, as
15 there's no new RGGI money coming in until
16 after the March auction. That's what I think
17 I heard you say. But after 12/31, it's, for
18 lack of a better term, one big happy program.
19 There is no RGGI program. There is no CORE
20 program. There's only the new CORE program,
21 which will include funding from System
22 Benefit Charges, as well as from the sale of
23 RGGI auctions. So I'm not quite sure why
24 there's a differential, because it sounds --

1 and maybe I'm getting the wrong impression --
2 but it sounds as though right now you're
3 having -- in order to account for the
4 additional revenues we're talking about, what
5 you're proposing is some expansion of
6 different things, but you refer to it as, you
7 know, RGGI funding, because it is a separate
8 source. It's a new source of revenue
9 separate from the System Benefits Charge.
10 But once we get into next year, there isn't
11 going to be any RGGI funded or whatever
12 funded. It's going to simply be the new CORE
13 Energy Efficiency Programs that are funded by
14 both RGGI and the System Benefits Charge.
15 I'm not sure -- why do you have to
16 differentiate the source of these funds?

17 A. (Gelineau) If we learn today that that's
18 entirely true, you're going to have a lot of
19 happy people. I think that we have assumed
20 that we need to keep these funds separate.
21 And to the extent that we can merge them and
22 treat them as one, I think that we would be
23 extremely pleased to be able to do that.

24 Q. I mean, looking at the new law, which is

1 House Bill 1490 -- it's almost impossible to
2 follow these sections -- I guess it's
3 Section III, it says, "All remaining proceeds
4 received by the state for the sale of
5 allowances shall be allocated by the
6 Commission as an additional source of funding
7 to electric distribution companies for CORE
8 Energy Efficiency Programs that are funded by
9 SBC funds." So it would appear that this is
10 going to be one bucket with two different
11 flow streams of money into it.

12 A. (Gelineau) I'll tell you my concern, and that
13 has to do with another section of that law,
14 wherein there's another committee that's -- a
15 legislative committee that's going to do
16 oversight on these programs. And it appears
17 to me that they are interested in the impact
18 of the RGGI funds as opposed to, and perhaps
19 separately from, the Systems Benefits Charge
20 fund. And it's for that reason that we have
21 assumed that there is going to be a need to
22 separately account for these funds. But
23 again, if we can reach a conclusion that we
24 don't have to separately account for things,

1 that would be a huge simplification from --

2 Q. So that's something you would like the
3 Commission to opine on for --

4 A. (Gelineau) That would be -- if we could reach
5 agreement with the Commission and the
6 Legislature, that we would report on a
7 combined basis, that would be very useful.
8 That would be very helpful.

9 CMSR. HARRINGTON: All right.
10 Thank you. That was all the questions I had.

11 CHAIRMAN IGNATIUS: Thank you.
12 Commissioner Scott.

13 CMSR. SCOTT: Thank you.

14 INTERROGATORIES BY MR. SCOTT:

15 Q. Back to this morning again. The proposal we
16 heard for \$2 million, which was the programs
17 that you've proposed, the \$1 million, your
18 words, "seed money," and then of course Mr.
19 Henry had some thoughts which were then put
20 together and flushed out, I believe, in the
21 future. If I understood right from counsel,
22 the utilities didn't oppose or didn't have a
23 position on that. I just want to -- I don't
24 want to read too much into that position.

1 As I alluded to in my earlier question,
2 there's what we know in the next two quarters
3 is there will be two more RGGI auctions. I
4 guess I'd like the utilities to entertain a
5 potential there for how they can use those
6 funds also as one option. And what I want --
7 my question is this: Should I read from this
8 morning that the utilities aren't interested
9 in entertaining that, or is it your view was
10 the money, the \$2 million, is what we should
11 be focusing on only?

12 A. (Gelineau) I think that what we are proposing
13 is that we want to be successful. And we
14 feel as though a \$2 million addition, with
15 four months left in the year -- and also to
16 continue, we need to close the existing
17 programs, and just for -- you know, not
18 everyone may be familiar with the way these
19 things work. But the programs typically do
20 probably 40 percent of the year's work in the
21 last two months of the year. So it's not a
22 linear thing. So it just -- it's just the
23 way this always works. And so the amount of
24 work that's left at the end of the year is

1 significant. And so for us to look at trying
2 to spend more than \$2 million in 2012, it's
3 probably beyond our capacity. I will speak
4 for Public Service specifically. It would be
5 beyond our capacity to do much more than what
6 it is that we're proposing here.

7 That said, if -- you know, if it is
8 desired to look to how to spend that money
9 beyond 2012, I think that we could probably
10 work something out in that arena. I'm sure
11 we could. But to try to do that this year,
12 it would be probably beyond our current
13 capacity.

14 Q. Thank you.

15 CHAIRMAN IGNATIUS: Thank you
16 very much. Appreciate your testimony today.
17 Why don't you stay where you are.

18 Oh, Mr. Linder you have a
19 question?

20 MR. LINDER: I do have a direct
21 follow-up question to one of Commissioner
22 Harrington's questions. But I know that
23 Attorney Hollenberg has to leave very shortly,
24 and I don't want to take up time that perhaps

1 the OCA should have to say --

2 CHAIRMAN IGNATIUS: Well, in the
3 normal course, we don't do any redirect of any
4 sort -- I mean recross. We do have redirect
5 from the utility counsel. So why don't we go
6 ahead and do that first, and then -- I'm
7 willing to listen to what it is you're going
8 into, but don't assume that the answer is yes.
9 All right?

10 MR. LINDER: It's just that
11 there's a fact that's missing that I could
12 bring to the Commission's attention.

13 CHAIRMAN IGNATIUS: All right.
14 Let's first go to redirect.

15 Ms. Goldwasser, any questions?

16 MS. GOLDWASSER: I'd like to
17 take one minute with the witnesses. And I'm
18 perfectly happy if Ms. Hollenberg -- if we want
19 to stop so Ms. Hollenberg can present the OCA's
20 position and then resume back with redirect
21 after I've had a chance to confer with the
22 witnesses very quickly to try to avoid any
23 questions that don't need to be asked. Or we
24 can just go and do it. Whatever the Chair's

1 pleasure is.

2 CHAIRMAN IGNATIUS: If you need
3 a quick conversation, that's fine. And maybe
4 Mr. Linder's issue you can bring out as well.

5 (Discussion with counsel and witnesses)

6 MS. GOLDWASSER: Thank you for
7 that moment.

8 REDIRECT EXAMINATION

9 BY MS. GOLDWASSER:

10 Q. With respect to the performance incentive
11 that you're proposing, the utilities would
12 only earn a performance incentive if you
13 spend the funds consistent with the proposal.
14 Is that true?

15 A. (Gelineau) Yes.

16 Q. So it's not guaranteed. If you don't proceed
17 to spend the funds consistent with the
18 proposal you've made, then you won't get
19 8 percent on all \$2 million, from that
20 perspective?

21 A. (Gelineau) That's correct.

22 Q. Under the -- I'm sorry. Is there any
23 precedent for the Commission to set a
24 performance incentive at 8 percent?

1 A. (Gelineau) For the program year 2010, the
2 Commission had ruled that the performance
3 incentive would be limited to 8 percent
4 and -- for the 2010 program year. And that
5 has to do with an adjustment that was made at
6 the Legislature, wherein the amount of
7 dollars available for the programs was
8 reduced.

9 Q. And is there any precedent for the
10 methodology that is being suggested by the
11 Office of Consumer Advocate to limit the
12 performance incentive to 6 percent?

13 A. (Gelineau) I'm not aware of a previous setup
14 for that particular approach.

15 Q. And just a couple more questions and we'll be
16 done.

17 The current programs that are funded by
18 RGGI, including those represented by
19 intervenors in this docket and others, are
20 fuel neutral or may be fuel neutral programs;
21 right?

22 A. (Gelineau) That's correct.

23 Q. So that's one difference, just to clarify,
24 between the System Benefits Charge funds,

1 which can be sometimes used for fuel neutral
2 purposes under the recent order in this
3 docket, but historically RGGI funds have been
4 used in a fuel neutral manner?

5 A. (Gelineau) That's correct.

6 A. (Palma) And just to clarify, in the recent
7 order, it was for the HPwES program, and
8 nothing on the commercial side on the SBC is
9 fuel neutral.

10 MS. GOLDWASSER: I have nothing
11 further. Thank you for the opportunity for
12 redirect.

13 CHAIRMAN IGNATIUS: Thank you.

14 Mr. Linder, do you still have
15 need for a question?

16 MR. LINDER: I do, but I don't
17 have to do it in the form of a question.
18 There's just a critical missing fact that is
19 contained in Exhibit 68, if I could point that
20 out to the Commission.

21 CHAIRMAN IGNATIUS: All right.
22 Why don't you do that.

23 MR. LINDER: Exhibit 68 is a
24 letter from the Community Action Agency. I am

1 not saying that The Way Home endorses this
2 proposal or not. But there are two critical
3 facts in it that pertain to the question from
4 the Bench regarding whether the loss of the
5 ARRA money is really the only reason for the
6 inability to do the work. And the third
7 paragraph on the first page refers to the fact
8 that, since the late 1970s, there has been
9 regular allocation of funds through the U.S.
10 Department of Energy, called the Weatherization
11 Program. That's been the main source of
12 funding. The paragraph goes on to say that it
13 was averaging \$1.1 to \$1.3 million per year.
14 And on top of the next page, it says the
15 allocation for 2012 is only going to be
16 \$590,000, which will only allow doing 91 homes.
17 But they haven't even received that 2012
18 allocation yet, which they should have received
19 in April, and they're not even expecting to get
20 it until October. So they're operating without
21 any money. And so that's why it is so
22 critical, in our view, that some of the RGGI
23 monies be allowed to be used. So I just wanted
24 to bring those facts that are contained in

1 Exhibit 68 to the Commission's attention. And
2 I don't need to do it through questioning.
3 Thank you for allowing me to do this.

4 CHAIRMAN IGNATIUS: Thank you
5 for that clarification.

6 All right. We're done with
7 this panel. But rather than take the time to
8 have you move back to your seats, if you
9 could just stay there.

10 I guess we have a few options
11 here. One would be, if there's any further
12 witnesses to call, please let me know. If
13 not, then go to closing statements and any
14 additional points that you want to make on
15 your positions that haven't been brought out
16 thus far through examination or some of the
17 discussions we've already had. Is there any
18 reason we can't go straight to closings?

19 And if that's the case, I
20 know, Ms. Hollenberg, you've got another
21 commitment. So I'd just as soon have you go
22 out of order, if that helps, and have you do
23 that first.

24 MS. HOLLENBERG: Yes. Thank

1 you.

2 CHAIRMAN IGNATIUS: Assuming
3 there's no problem with that.

4 MS. HOLLENBERG: I hope not.

5 CLOSING STATEMENTS

6 MS. HOLLENBERG: The Office of
7 Consumer Advocate would just direct the
8 Commission to the filing that we made, the
9 written filing dated August 17th, which
10 contains our position on the Joint Utility
11 Proposal. We appreciate all the parties'
12 efforts leading up to this hearing and during
13 the day today to try and present something to
14 the Commission that was as efficient and as
15 easy to understand. Thank very much for your
16 accommodation.

17 CHAIRMAN IGNATIUS: Thank you.
18 And I understand that you need to go.

19 Why don't we keep with the
20 order we were doing before and then let the
21 utilities go last, as it's their proposal to
22 close on, although we're in a funny position
23 where we've got kind of competing proposals,
24 although one of them hasn't yet been fully

1 fleshed out. So if you want to address the
2 utility proposal now, and then your comments
3 about the proposal that Jordan Institute and
4 others are going to make, you'll have that
5 written opportunity. Might be easier than
6 kind of guessing what might be soon to come.

7 So, Mr. Frost, comments in
8 closing?

9 MR. FROST: Thank you,
10 Commissioner Ignatius. And thank you for the
11 opportunity to present this group of
12 intervenors' proposal at a later date. It's an
13 important opportunity for us all, I think. We
14 are generally supportive of the utilities'
15 proposal, with the single caveat on the
16 performance incentive as it applied to the
17 15-percent carve-out. And that's all I have.
18 Thank you.

19 CHAIRMAN IGNATIUS: Thank you.
20 Mr. Cloutier.

21 MR. CLOUTIER: I'll pass.

22 CHAIRMAN IGNATIUS: Mr.
23 Courchesne?

24 MR. COURCHESNE: Thank you,

1 Commissioners. CLF supports the position of
2 the intervenor group, with the exception that
3 CLF shares the concerns of OCA with respect to
4 the performance incentive and will state them
5 consistent with the OCA's submission at this
6 time. This is a slight change in proposals in
7 the written submission that CLF has provided to
8 date. But that change is relatively consistent
9 with the way the Jordan Institute proposal has
10 changed and the position of the intervenors has
11 changed as a result of all these conversations.
12 So I will leave my comments at that. Thank
13 you.

14 CHAIRMAN IGNATIUS: Thank you.

15 Mr. Linder.

16 MR. LINDER: Thank you. The Way
17 Home's position is mostly set forth in Exhibit
18 No. 59, our letter dated August 14th. We
19 support the utilities' proposal. The only
20 question that we have with respect to the
21 proposal is we do support having a performance
22 incentive. We just don't know what the correct
23 methodology or amount should be. But we
24 otherwise fully support the proposal, and we

1 emphasize the need as set forth in Exhibits 60
2 and 68 as to the need we believe for an
3 immediate infusion of RGGI funds for the
4 low-income CORE program. Thank you very much.

5 CHAIRMAN IGNATIUS: Thank you.
6 Ms. Richardson.

7 MS. RICHARDSON: Thank you so
8 much. On behalf of the Jordan Institute, we
9 will be revising the proposal that we
10 previously submitted and submitting that back
11 to the Commission next week. We'll be
12 convening our group of interested parties and
13 intervenors. And we thank you very much for
14 this opportunity. We also want to acknowledge
15 the language reiterating the importance of fuel
16 blind programming related specifically to
17 HPwES. But we feel that that is a fantastic
18 precedent-setting direction. And we're also
19 really delighted about the language that was
20 proposed to continue some of the programming
21 past 2012, so that once funds are allocated,
22 that they can be used after that. Thank you
23 very much.

24 CHAIRMAN IGNATIUS: Thank you.

1 Mr. Rooney.

2 MR. ROONEY: Yes. Thank you,
3 Commissioner. And I just wanted to say that I
4 appreciate your openness in this transitional
5 period in considering our proposal and that we
6 look forward to putting together a
7 straightforward proposal, if possible, for next
8 week. And thank you.

9 CHAIRMAN IGNATIUS: Thank you.

10 Mr. Nute.

11 MR. NUTE: Yes. Thank you very
12 much. First of all, the CAP Agencies would
13 like to say that we are in support of the
14 utilities' proposal, with the exception of the
15 incentives, which we could discuss in the
16 future. And we'll also be working with the
17 Jordan Institute on coming up with a plan going
18 forward. And again, I just thank you for
19 accepting our plans, too, and our letters, just
20 showing the dire need is not just the rest of
21 this year, but into the future with the lack of
22 funding from the Department of Energy. So,
23 thank you.

24 CHAIRMAN IGNATIUS: And the

1 representation that Mr. Linder made, that the
2 funding that's been allocated is far less and
3 has not even been received, is that accurate?

4 MR. NUTE: That is accurate.

5 CHAIRMAN IGNATIUS: Ms.

6 Thunberg.

7 MS. THUNBERG: Thank you.

8 First, Staff appreciates the utilities' hard
9 work and the proposal, and also the
10 intervenors' hard work at the attempted
11 proposal.

12 With respect to the 15-percent
13 low-income allocation, Staff supports that.
14 With respect to the allocation among the
15 utilities, Staff supports that. Staff also
16 supports the allocation between 81 percent
17 C&I and 4 percent residential, as is in the
18 utilities' proposal. Staff clearly supports
19 the utilities' proposal, to the extent it
20 includes Commission-approved programs. But
21 Staff still has concerns about some of the
22 additional portions of the program. We wish
23 we could offer a concrete position on that at
24 this time, but we don't, even with the

1 explanations that were offered today.

2 With respect to combining
3 funds -- it was an issue raised by
4 Commissioner Harrington -- Staff's read on
5 House Bill 1490's amendment to R.S.A.
6 125-O:23,A -- I'm sorry -- Roman Numeral I,
7 we read that as requiring separate
8 accounting.

9 Lastly, with respect to
10 performance incentive, in the record here we
11 have a variety of options, which is the
12 zero percent, which was a precedent from the
13 original RGGI model; 6 percent suggested by
14 OCA; 8 percent suggested by the utilities.
15 As the utilities acknowledge, the normal
16 calculation of savings goal and cost
17 effectiveness are not going to be performed;
18 thus, the performance incentive cannot be
19 calculated as it usually is. Staff also
20 notes that the working group is working on
21 the issue of performance incentive, but that
22 doesn't help us for the immediate proceeding.

23 So, in conclusion, Staff's
24 position is like, OCA, the Jordan Institute

1 and DES, that Staff does not agree with the
2 utilities' 8-percent proposal. And Staff has
3 no further comment. Thank you again for your
4 time at today's hearing.

5 CHAIRMAN IGNATIUS: Thank you.
6 I'm going to turn to Ms. Goldwasser. Also,
7 there are a few participants here who are not
8 formal intervenors but may want to make a
9 comment. Maybe we'll do that first.

10 And specifically, DES, I know
11 you submitted a letter, and it's in the file
12 as one of the exhibits -- oh, and it's just
13 been pointed out to me, this just in, that
14 you did file to intervene, and I didn't get
15 that. And I don't know if we ruled on it.
16 Do you know?

17 MS. OHLER: I thought you had.
18 It was filed a year ago or so.

19 CHAIRMAN IGNATIUS: Well, July.
20 Well, to the extent we haven't, we'll deal with
21 it. Go ahead. And I didn't mean to skip over
22 you. Didn't realize you were an intervenor.

23 MS. OHLER: No problem. Thank
24 you.

1 CHAIRMAN IGNATIUS: So if you
2 have comments you want to make in closing,
3 please do that.

4 MS. OHLER: I don't have any
5 comments in addition, other than what's in our
6 letter. But I do appreciate all the work done
7 by all sides.

8 CHAIRMAN IGNATIUS: Thank you.
9 Then, Ms. Goldwasser, go ahead.

10 MS. GOLDWASSER: Thank you.
11 Very briefly. Unutil seeks approval of the \$2
12 million proposal as set forth in the utilities'
13 August 10th plan, including the 8-percent
14 performance incentive which was discussed
15 today. To the extent that the Commission would
16 like the utilities to continue the RGGI-funded
17 elements of the CORE program starting on
18 January 1st, 2012, Unutil requests that some
19 portion of those funds from the September and
20 December actions -- auctions -- excuse me -- in
21 the range of \$1 million be made available for
22 the CORE 2013 programs. Unutil takes no
23 position regarding the use of the remaining
24 funds which are available as a result of the

1 September and December RGGI auctions. Thank
2 you.

3 CHAIRMAN IGNATIUS: Thank you.
4 Is there any objection to striking the
5 identification on the exhibits?

6 (No verbal response)

7 CHAIRMAN IGNATIUS: Seeing none,
8 we will do so.

9 Is there anything further to
10 do today? We'll obviously be receiving
11 further filings from the Jordan Institute on
12 behalf of the collective proposal from some
13 of the intervenors, and then responses to
14 that. I don't think we have to worry about
15 them formally being identified as exhibits.
16 They are part of the record. They carry the
17 same status. But rather than trying to
18 figure out numbering as they come in through
19 the mail, just get them in, and they will be
20 part of the record and part of our
21 consideration of all of these, on the same
22 par as what we've been hearing today.

23 Ms. Knowlton?

24 MS. KNOWLTON: Thank you. While

1 Ms. Goldwasser's closing was, as she indicated,
2 on behalf of Unitil, I just would like to note
3 for the record that Liberty Utilities joins in
4 Unitil's closing statement and is in support of
5 it.

6 CHAIRMAN IGNATIUS: All right.

7 Any of the utilities don't join in support?

8 MR. BERSAK: We're onboard.

9 CHAIRMAN IGNATIUS: All right.

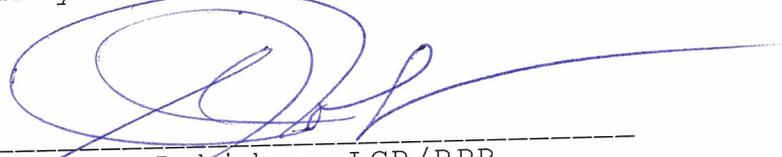
10 If there's nothing else, then we will take all
11 of this under advisement. I appreciate the
12 efforts people have been making to be creative
13 in an odd situation between a couple of
14 statutes and trying to find a way to be
15 efficient and effective with the public money
16 that we have available. So, thank you for all
17 of your efforts, and we await the filings on
18 the 7th and the 14th. Thank you.

19 (Whereupon the hearing was adjourned at
20 3:17 p.m.)
21
22
23
24

C E R T I F I C A T E

1
2 I, Susan J. Robidas, a Licensed
3 Shorthand Court Reporter and Notary Public
4 of the State of New Hampshire, do hereby
5 certify that the foregoing is a true and
6 accurate transcript of my stenographic
7 notes of these proceedings taken at the
8 place and on the date hereinbefore set
9 forth, to the best of my skill and ability
10 under the conditions present at the time.

11 I further certify that I am neither
12 attorney or counsel for, nor related to or
13 employed by any of the parties to the
14 action; and further, that I am not a
15 relative or employee of any attorney or
16 counsel employed in this case, nor am I
17 financially interested in this action.

18 

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20 Susan J. Robidas, LCR/RPR
21 Licensed Shorthand Court Reporter
22 Registered Professional Reporter
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