

THE STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

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July 25, 2014

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NHPUC 25JUL'14PM2:19

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301

Re: DE 12-262 PSNH Request to Transfer 2013 Carryover Funds to 2014 HEA  
and Energy Star Programs and to 2015 C&I

Dear Ms. Howland:

On July 24, 2014, Public Service Company of New Hampshire (PSNH) filed a request to transfer funds. PSNH learned in its June 2, 2014 Annual Report and Performance Incentive Calculation that a balance of \$1,491,809 remains available to transfer to PSNH's 2014 and 2015 Energy Efficiency Program budgets.

Specifically, PSNH requests Commission authority to transfer \$734,283 to the 2014 residential sector budget: \$223,771 to Home Energy Assistance Program (HEA Program) and \$510,512 to ENERGY STAR Lighting Program (ES Lighting Program)). PSNH requests to transfer \$757,526 to the 2015 C&I sector budget for the 2015/2016 CORE Energy Efficiency Program. PSNH provided Attachment A which illustrates how the funds will be allocated.

Staff supports PSNH's proposed increase to the Commission-approved 2014 residential budget. Staff does not oppose PSNH's request concerning the 2015 C&I funds but notes that Commission approval for the 2015-2016 program budget will be made after the utilities' file their program proposals next month.

With respect to the 2014 residential section budget increase, Staff wishes to note that it may raise the broader issue concerning the performance incentive but Staff will need to wait and see the results of the 2014 program expenditures. Staff's concerns are similar to concerns it raised when Northern Utilities, Inc. requested to increase its 2013 program budget. Staff's response to Northern's request is at Tab 96 in this docket. Staff's concerns never materialized because Northern's budget increase was within the 5% cap authorized by the Commission. Nonetheless, Staff wishes to raise the performance incentive issue for PSNH's budget increase, because, like with Northern, it is possible for the concern to materialize.

First, setting budgets and achieving targets is an integral component of earning a performance incentive. Late-year budget increases can allow a utility to minimize the risk of achieving targets because the utilities know which programs are successful. Adding funds to a

successful program can almost guarantee a performance incentive. As Staff suggested in its comments for Northern, the issue of gaming the performance incentive with late-year budget increases may be moot if the total sector budget does not increase beyond the 5% sector cap. If the residential sector budget is not increased beyond 5% by the addition of \$734,283, then Staff's concerns about a utility easily earning an additional performance incentive do not exist. If PSNH exceeds the 5% cap, then Staff will develop its position but that position will likely urge the Commission to limit PSNH's performance incentive to 105% of its original Commission-approved budget for 2014. This is the extent of Staff's concern at this point, thank you for letting Staff raise it.

Other issues concerning the transfer Staff wishes to raise are that 15% of program budgets are supposed to target Home Energy Assistance low income programs. PSNH's dedication of 15% of the \$1,491,809 (\$223,771) satisfies that requirement. Staff is pleased that PSNH attended to that detail.

Because this is a budget increase and not a transfer governed by section I, K of the 2013-2014 CORE New Hampshire Energy Efficiency Programs, Commission approval will be necessary. (See, Exhibit 1, Attachment A at 21.) For comparison, certain transfers within the budget are already authorized by the Commission. PSNH's request does not fall within those previously authorized circumstances.

In conclusion, Staff recommends the Commission issue an order approving PSNH's request to increase its 2014 residential sector budget by \$734,283. Thank you.

Sincerely,



Marcia A. Brown  
Staff Attorney

cc: Service List

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**

**c) Serve a written copy on each person on the service list not able to receive electronic mail.**

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