

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

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October 4, 2017 - 1:08 p.m.
Concord, New Hampshire

RE: DE 17-136
ELECTRIC AND GAS UTILITIES:
2018-2020 New Hampshire Statewide
Energy Efficiency Plan.
(Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service of New Hampshire
d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Unitol Energy Systems, Inc. and
Northern Utilities, Inc.:
Patrick H. Taylor, Esq.

Reptg. Liberty Utilities (Granite State
Electric) Corp. and Liberty Utilities
(EnergyNorth Natural Gas) Corp.:
Michael J. Sheehan, Esq.

Reptg. New Hampshire Electric
Cooperative:
Mark W. Dean, Esq.

Court Reporter: Steven E. Patnaude, LCR No. 52

**CERTIFIED
ORIGINAL TRANSCRIPT**

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

Reptg. Conservation Law Foundation:
Melissa Birchard, Esq.

Reptg. The Way Home:
Raymond A. Burke, Esq.
Stephen Tower, Esq.
Alan Linder, Esq.
New Hampshire Legal Assistance

Reptg. N.H. Sustainable Energy Assn.:
Kate Epsen

**Reptg. N.H. Dept. of Environmental
Services:**
Rebecca Ohler

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
Brian D. Buckley, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:
Paul B. Dexter, Esq.
James Cunningham, Jr., Electric Div.
Elizabeth Nixon, Sustainable Energy
Jay Dudley, Electric Division

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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We're here this
3 afternoon in Docket DE 17-136, which is the
4 2018 to 2020, New Hampshire Statewide Energy
5 Efficiency Plan docket. I see we have a full
6 house in the audience.

7 Before we do anything else at this
8 prehearing conference, let's take appearances.

9 MR. FOSSUM: Good afternoon,
10 Commissioners. And, since this is my first
11 time saying it, good afternoon, Commissioner
12 Giaimo. My name is Matthew Fossum, and I'm
13 here for Public Service Company of New
14 Hampshire doing business as Eversource Energy.

15 MS. PETERS: I'm Kate Peters. And
16 I'm with Eversource Energy. I'm sorry. And I
17 messed up, the first day.

18 *[Laughter.]*

19 MR. FOSSUM: You're good.

20 MS. PETERS: Sorry.

21 CHAIRMAN HONIGBERG: It's all right,
22 Ms. Peters. We understand.

23 MS. PETERS: I hope so. I apologize.

24 MR. TAYLOR: Patrick Taylor, on

1 behalf of Unitil Energy Systems, Inc., and
2 Northern Utilities, Inc. With me today are
3 Karen Asbury, Cindy Carroll, and Mary Downs.

4 CHAIRMAN HONIGBERG: See, Mr. Fossum,
5 Mr. Taylor said who was with him, so there was
6 no confusion at his table.

7 MR. FOSSUM: Mr. Taylor is a better
8 person than I.

9 CHAIRMAN HONIGBERG: He is a
10 gentleman. Mr. Fossum, who's with you here
11 today?

12 MR. FOSSUM: A goodly number of
13 people, which is why I was forgoing the
14 introductions. But Ms. Peters needs no
15 introduction now. But with me also Christopher
16 Goulding, Joseph Swift, Marc Lemenager, and I
17 believe -- oh, Tom Fuller, in the back of the
18 room.

19 CHAIRMAN HONIGBERG: Mr. Sheehan.

20 MR. SHEEHAN: Thank you. Mike
21 Sheehan, on behalf of Liberty Utilities
22 (Granite State Electric) and Liberty Utilities
23 (EnergyNorth Natural Gas). And I have several
24 people with me here today.

1 MR. DEAN: Good afternoon. Mark
2 Dean, on behalf of New Hampshire Electric
3 Cooperative. And with me here today is Carol
4 Woods from the Co-op. Thank you.

5 CHAIRMAN HONIGBERG: Anybody else on
6 this side of the room needs to introduce
7 themselves?

8 *[No indication given.]*

9 CHAIRMAN HONIGBERG: I guess we'll go
10 to this side of the room now.

11 MS. BIRCHARD: Good morning -- oh,
12 good afternoon. Melissa Birchard, with
13 Conservation Law Foundation. Thank you.

14 MS. EPSEN: Hello. Kate Epsen, with
15 the New Hampshire Sustainable Energy
16 Association.

17 MR. BURKE: Good afternoon,
18 Commissioners. Raymond Burke, from New
19 Hampshire Legal Assistance, on behalf of The
20 Way Home. And with me today are my colleagues
21 from New Hampshire Legal Assistance, Stephen
22 Tower and Alan Linder.

23 MS. OHLER: Good afternoon. Rebecca
24 Ohler, with the Department of Environmental

1 Services.

2 MR. KREIS: Good afternoon,
3 Commissioners. I am D. Maurice Kreis, doing
4 business as Don Kreis. I am the Consumer
5 Advocate here representing the interests of
6 residential utility customers, the thousands
7 and thousands of eager consumers of the energy
8 efficiency services that we're here to talk
9 about today.

10 The distinguished gentleman to my
11 left is Brian Buckley, our staff attorney,
12 newly emerged from his successful performance
13 on the July 2017 New Hampshire Bar examination,
14 and soon to be sworn in as a member of the New
15 Hampshire Bar Association.

16 CHAIRMAN HONIGBERG: Congratulations,
17 Mr. Buckley.

18 MR. BUCKLEY: Thank you.

19 CMSR. BAILEY: I thought I sensed
20 more confidence this morning.

21 *[Laughter.]*

22 MR. DEXTER: And appearing on behalf
23 of the Commission Staff, Paul Dexter, Staff
24 attorney. With me today are James Cunningham,

1 Elizabeth Nixon, and Jay Dudley, from the
2 Electric Division.

3 Les Stachow, the Assistant Director,
4 would be here, if not for an illness which will
5 keep him from participating today. But he does
6 plan to participate in the tech session, which
7 is following, by telephone. Thank you.

8 CHAIRMAN HONIGBERG: I do not see or
9 I did hear from the Acadia Center. They're the
10 other filer who sought intervenor status.
11 Anyone know anything about the Acadia Center,
12 Ms. Hawes? Are we expecting them today,
13 anybody know?

14 *[No verbal response.]*

15 CHAIRMAN HONIGBERG: All right. We
16 will proceed without them. Are there any
17 preliminary matters we need to deal with before
18 folks give us their views on how this docket's
19 going to go and what kind of schedule that will
20 be on?

21 *[No verbal response.]*

22 CHAIRMAN HONIGBERG: Doesn't seem
23 like there are any issues.

24 Mr. Dexter, you indicated that there

1 is a technical session scheduled immediately
2 following, correct?

3 MR. DEXTER: That is correct.

4 CHAIRMAN HONIGBERG: All right. For
5 those who are not frequent flyers here, we will
6 not be present for the technical session. So,
7 you'll be doing that without us.

8 So, before -- or rather, without
9 anything else to do, we'll ask the parties
10 to --

11 Oh, wait, intervenor status. We're
12 going to grant all the motions to intervene.
13 We had already discussed them. And there's no
14 objection, apparently, from anyone. And it
15 makes sense that all these players should have
16 a seat at the table.

17 Now, let's here from the players as
18 to their positions preliminarily in this
19 matter. Mr. Fossum, why don't you start us
20 off.

21 MR. FOSSUM: Thank you very much.
22 Following on the presentation of a significant
23 Settlement Agreement among a wide range of
24 parties, essentially represented here today as

1 well, the Commission approved the
2 implementation of this EERS in August last
3 year.

4 From then, the utilities have
5 fulfilled their promise to meet with a variety
6 of stakeholders, on the road to developing the
7 Energy Efficiency Resource Standard Plan that
8 is before you today. As had been intended when
9 that -- the creation of that Plan was approved,
10 this Plan does set the stage for what we hope
11 and believe are significant and
12 transformational changes in energy efficiency
13 in New Hampshire.

14 And the Plan that's before you, and
15 for which we seek your approval, that plan will
16 increase programs, technological offerings,
17 education, and information for all of New
18 Hampshire's customers. The Plan builds on the
19 utilities' proven record of success in this
20 state. And expands upon them by a number -- in
21 a number of ways: By increasing funding for
22 the available programs to expand their reach;
23 by devoting more resources to income-qualified
24 customers; by enhancing public awareness of and

1 participation in the programs; and by
2 stimulating further investment in energy-saving
3 technologies.

4 So, the utilities -- we recognize the
5 great effort before us to actually deliver on
6 the promises of this Plan. We take that
7 responsibility very seriously. We ask the
8 Commission to approve the Plan, and then trust
9 the utilities to bring this proposal into
10 practice for the benefit of New Hampshire's
11 customers.

12 Thank you.

13 CHAIRMAN HONIGBERG: Thank you,
14 Mr. Fossum. Mr. Taylor, do you have anything
15 to add?

16 MR. TAYLOR: Nothing to add to what
17 Mr. Fossum just said, other than that the
18 Unitil Companies are pleased to have been
19 collaborators in this process.

20 As Mr. Fossum said, this plan that's
21 before you now is the result of a robust
22 stakeholder process. As you can tell probably
23 by the size of the binders that are likely on
24 your desks, it is a comprehensive plan. We

1 recommend its approval and we look forward to
2 hearing from the other parties.

3 CHAIRMAN HONIGBERG: Mr. Sheehan?

4 MR. SHEEHAN: Nothing further to add.
5 Thank you.

6 CHAIRMAN HONIGBERG: Mr. Dean?

7 MR. DEAN: Nothing further to add.

8 CHAIRMAN HONIGBERG: All right.
9 Moving to the other side of the room,
10 Ms. Birchard.

11 MS. BIRCHARD: Thank you. I'm
12 extremely pleased to be here today to support
13 the launch of New Hampshire's Energy Efficiency
14 Resource Standards. Energy efficiency
15 continues to be the cheapest low-hanging fruit
16 among energy resources. It is a key tool to
17 constrain the state's share of regional grid
18 costs.

19 The 2018 to 2020 programs proposed
20 here will result in customer energy cost
21 savings of more than \$867 million. These
22 savings are roughly 4.7 times the cost of the
23 programs, which, in my view, makes it an
24 excellent return on investments.

1 These programs will also support
2 1,233 jobs, and avoid more than 2.8 million
3 tons of greenhouse gas emissions. In addition,
4 they will improve the quality of life, property
5 values, and human welfare throughout the state,
6 including among the populations most at need.

7 While I'm a little bit disappointed
8 to see that, in Section 6 of the proposed Plan,
9 the utilities appear to have expended ratepayer
10 funds on what amounts to propaganda touting
11 that customers trust them far more than they
12 trust anyone else, including this Commission or
13 non-profit organizations.

14 I firmly believe that the 2018 to
15 2020 utility-administered energy efficiency
16 plans hold great promise to save New Hampshire
17 money, to support clean local jobs, and to
18 improve the welfare of our low income and other
19 communities.

20 I understand that the utilities have
21 not adopted all of the recommendations offered
22 by those, such as the Energy Efficiency and
23 Sustainable Energy Board's in the draft plan.
24 Along with many others in this room, I

1 participated in preparing those
2 recommendations. And I look forward to
3 learning more about why the utilities have made
4 the choices that they have made in the Plan
5 before us today.

6 Thank you very much.

7 CHAIRMAN HONIGBERG: Ms. Epsen.

8 MR. EPLER: Hello. We, NHSEA, are
9 also very pleased to be a part of this
10 continuing process. And we believe that
11 overall the three-year plan filed here looks
12 very promising, and comports with the
13 settlement that we were a part of in Docket
14 15-137.

15 But we are also still reviewing some
16 of the finer details and appendices, and may
17 want to address some specific details
18 throughout this process and going forward in
19 this docket. But, at this time, I'm very
20 positive about a promising outcome, and
21 participating in a successful final Plan.

22 Thank you.

23 CHAIRMAN HONIGBERG: Mr. Burke.

24 MR. BURKE: Mr. Chairman,

1 Commissioners, as stated on Page 3 of our
2 client's Petition for Intervention, The Way
3 Home would like to continue working with other
4 stakeholders to achieve the energy efficiency
5 goals that were adopted by the Commission in
6 Docket Number DE 15-137, and to enable the low
7 income energy efficiency programs to serve as
8 many low income families as possible.

9 To that end, The Way Home is
10 interested in the budget, design, and
11 implementation of the low income electric and
12 natural gas energy efficiency programs. As the
13 Plan points out, low-income families often pay
14 a higher share of their income than other
15 customers do on energy costs. And The Way Home
16 is particularly supportive of the goals to
17 reduce the energy cost burden for low-income
18 consumers, while making homes safer and more
19 affordable -- or, excuse me, more comfortable.

20 Thank you.

21 CHAIRMAN HONIGBERG: Ms. Ohler.

22 MS. OHLER: Thank you. The
23 Department of Environmental Services is very
24 pleased to be part of this proceeding, and also

1 very appreciative of the collaboration that
2 occurred leading up to the opening of this
3 docket. I think that the Plan that is before
4 us now is a consensus plan on many, many
5 issues, and that's the result of hard work from
6 the utilities and all of the other
7 collaborating parties.

8 There are still some issues that we
9 are not necessarily in agreement on. And I
10 look forward to continuing our collaborative
11 process to see if we can reach a settlement on
12 those issues. I'm optimistic that we can.

13 And I think that reaching a -- having
14 a successful Energy Efficiency Resource
15 Standard is critical to New Hampshire being
16 able to meet its environmental goals, including
17 its reduction of greenhouse gas emissions.
18 And, therefore, we are very pleased to help in
19 any way we can.

20 Thank you.

21 CHAIRMAN HONIGBERG: Mr. Kreis.

22 MR. KREIS: Thank you, Mr. Chairman.

23 I had the pleasure of being at Fenway Park, in
24 Boston, on Saturday to watch the Boston Red Sox

1 clinch their American League East Championship.
2 It was one of the most rewarding baseball
3 experiences I have ever had.

4 And what I'm here to say is that this
5 docket is to energy efficiency in New Hampshire
6 as that game was to the Boston Red Sox. And
7 here's why: The Red Sox, as many of the people
8 in the room probably know, were stuck one win
9 away from clinching the championship for it
10 felt like forever, it was really only three or
11 four days, but it felt like a very long time.
12 In much the same fashion, the State of New
13 Hampshire is mired in twenty-first place. And
14 by that I mean that the American Council for an
15 Energy Efficient Economy has just released its
16 annual scorecard of state energy efficiency
17 programs. And for yet another year, we are
18 State Number 21. That puts us at the very
19 bottom of the pile in New England.

20 However, the advent of the Energy
21 Efficiency Resource Standard, as approved last
22 year by the Commission in Docket 15-137, really
23 promises to change that. And a year from now I
24 look forward to seeing an improved ranking.

1 The extent to which we improve
2 depends on the details of how we implement the
3 EERS. And, of course, those details are, as
4 envisioned by the utilities, are as proposed in
5 the very voluminous filing they have made.
6 That filing tests an important hypothesis. And
7 that is, the hypothesis that transforming the
8 Energy Efficiency and Sustainable Energy Board
9 into what some people refer to as an "enhanced
10 stakeholder board" will make a difference.

11 We spent a great deal of time over
12 the summer having some terribly productive,
13 frank, and useful meetings with representatives
14 of the utilities and representatives of most of
15 the stakeholders, really hashing out the
16 details of the draft Plan that they put into
17 circulation.

18 And the hypothesis is that, having
19 done that work, having developed that trust,
20 having exchanged so much information during
21 that phase of all of this, we will have a
22 smoother and more consensus-driven process now
23 here in this docket than we have previously
24 seen in similar dockets.

1 I, as the person who had the honor of
2 chairing the EERS Committee of the Energy
3 Efficiency and Sustainable Energy Board, have
4 every confidence that, in fact, the hypothesis
5 will prove correct. That we will reach
6 consensus with the utilities and all of the
7 other stakeholders, and eventually present for
8 your approval a settlement agreement that
9 allows New Hampshire to march confidently into
10 a future that embraces the notion of all
11 cost-effective energy efficiency, which is the
12 hallowed motto of the Energy Efficiency
13 Resource Standard.

14 That said, there are certain issues
15 that the OCA believes will require some
16 discovery and some earnest discussion, and
17 possibly even some litigation. Among them are
18 the question of finance. There continues to be
19 considerable resistance to the idea of making
20 meaningful borrowing opportunities available to
21 residential customers. We're concerned about
22 that. We're concerned about the Performance
23 Incentive, and the fact that it remains as it
24 has historically been, despite the fact that

1 the needs and policy imperatives are continuing
2 to change. There is the very difficult
3 question of the extent to which non-energy
4 impacts should be considered in the
5 cost/benefit analysis that is at the heart of
6 the energy efficiency programs as administered
7 by the utilities. And there is the pressing
8 need to ramp up our approach to EM&V, which is
9 "Evaluation, Measurement and Verification".

10 We have hired an outside consultant,
11 Mr. Loiter, of Optimal Energy, who will be
12 preparing expert testimony for us and
13 participating along with us. That I hope
14 people will take as a sign that we take this
15 proceeding very seriously.

16 We look forward to participating
17 vigorously. And, as I said, presenting a
18 settlement agreement to you in due course.

19 CHAIRMAN HONIGBERG: Mr. Kreis, the
20 "us" in that sentence who had retained the
21 expert, is that the OCA or the EESE Board?

22 MR. KREIS: That's the -- I'm sorry,
23 I should have made that clear. That is the
24 Office of the Consumer Advocate.

1 CHAIRMAN HONIGBERG: Thank you.

2 That's what I thought.

3 Mr. Dexter, can I safely assume you
4 will not be waxing lyrical on the Mets?

5 MR. KREIS: We certainly have no
6 objection if he chooses to do that.

7 MR. DEXTER: You stole my
8 introductory line. Because any baseball
9 analogy or metaphor involving the New York Mets
10 is bound to end badly. So, --

11 MR. KREIS: They're in twenty-first
12 place, I believe.

13 MR. DEXTER: So, I will leave it at
14 that.

15 So, Staff is generally supportive of
16 the proposed filing, and appreciates the effort
17 that went into it, as well as the efforts that
18 went in over the summer, where we participated
19 in all the stakeholder meetings that led up to
20 this.

21 There are some areas of concern and
22 some areas that Staff will look into. And I'll
23 highlight a few of those for you today.

24 First of all, there's a couple of

1 proposals in the Plan that are designed to
2 increase flexibility of shifting money in the
3 budgets from one program to another, and from
4 year to year. One of them has to do with an
5 increase of a 20 percent threshold that's been
6 in place for a number of years, that allows the
7 Companies to transfer funds from one program to
8 another without Commission involvement, and the
9 proposal is to move that to 30 percent. Staff
10 wants to look into the basis for the 30
11 percent, to see that the extra flexibility is
12 warranted.

13 Similarly, there's been an historic
14 cap on multiyear programs, where a participant
15 could sort of reach into the next year, next
16 year's budget for participation in the first
17 year. Given that this is now a three-year plan
18 that's submitted, the Companies have -- let me
19 start again. The Companies have proposed to
20 eliminate the historic cap. And, given that
21 this is a three-year Plan, the Staff sees that
22 there may be some need for additional
23 flexibility in that area. But we want to
24 investigate the complete elimination of this

1 cap, and that's something we will be looking
2 at.

3 With regard to the benefit/cost
4 analysis that's used to screen all these
5 programs, Staff wants to be sure that each
6 program, on a company-by-company and on a
7 year-by-year basis, exceed the 1.0
8 benefits/costs ratio that's historically been
9 used. We believe it's especially important,
10 given the introduction of non-energy impacts
11 into the benefit/cost formula.

12 Our position -- Staff's position on
13 non-energy impacts is that they be
14 evidence-based. The Company has submitted an
15 entire -- the Companies have submitted an
16 entire second volume on the non-energy impacts
17 as evidence. Our understanding is that it's
18 primarily from out-of-state sources. But Staff
19 will be looking at that to see what could be
20 used in New Hampshire, whether or not it's
21 appropriate at this time to include the
22 non-energy benefits in the cost/benefit ratio.

23 Similarly, we will be examining the
24 avoided cost study -- or, the avoided cost

1 study that underlies the benefits that the
2 programs are based on. There are a couple of
3 factors in particular that we've highlighted at
4 this stage that Staff wants to look into.
5 DRIPes, risk premiums, and natural gas
6 retail -- the natural gas retail adder that's
7 been included. So, we will be looking at
8 those.

9 The OCA mentioned alternative sources
10 for energy efficiency financing. That's an
11 area that Staff is very interested in. We
12 recognize that all these programs are funded
13 through the Systems Benefits Charge on the
14 electric side and the LDAC on the gas side.
15 And we recognize that these are finite sources.
16 And believe that, in the long run, alternative
17 sources for funding of these programs is in
18 everyone's best interest. And Staff will be
19 looking to see what can be proposed in terms of
20 private financing, that would allow the
21 programs to expand without further burdening
22 ratepayers.

23 We will be looking at the proposed
24 lost base revenue -- lost base revenue

1 calculation that's been submitted. We
2 understand, from the Settlement last year, that
3 the formula has been laid out. We understand
4 that it's to be based on kilowatt-hour savings.
5 And we want to make sure that what was
6 presented conforms with the Settlement.

7 And, similarly, with Performance
8 Incentives, they have been reduced this year on
9 the basis of the introduction of lost base
10 revenue recovery. Staff will be looking to
11 make sure that the proposed Performance
12 Incentives appropriately reflect those
13 reductions. And we want to use any flexibility
14 built into the Settlement Agreement to look at
15 the performance-based -- the performance
16 incentive calculation on a going-forward basis.

17 So, those are five of the issues that
18 we've highlighted at this point. I imagine
19 there will be more.

20 But we, as I said, we appreciate the
21 complete filing, and look forward to going over
22 the case with the parties in the room.

23 Thank you.

24 CHAIRMAN HONIGBERG: All right.

1 Well, thank you all. We are pleased with
2 everyone's expressions of optimism. I think we
3 are aware of how much work has gone into this
4 entire process to date. As someone indicated,
5 the filing itself indicates a tremendous amount
6 of work. And a lot of that, I think Mr. Kreis
7 indicated, went on through collaborative
8 efforts, others mentioned it as well, I'm not
9 singling out Mr. Kreis because he's the only
10 one who said it.

11 But it's exciting for everyone. I
12 think this is going to be really interesting
13 for you all. I hope it's going to be
14 interesting and productive, and move along, as
15 a number of you have said you hope it will,
16 too.

17 We look forward to the product that
18 you all come up with, whatever adjustments or
19 modifications need to be made. But this is the
20 next step in a process, and an important one.
21 And we look forward to it, too.

22 So, if there's nothing else for us to
23 do?

24 *[No verbal response.]*

1 CHAIRMAN HONIGBERG: We will adjourn
2 and leave you to your technical session. Thank
3 you all.

4 *(Whereupon the prehearing*
5 *conference was adjourned at*
6 *1:31 p.m., and a technical*
7 *session was held thereafter.)*

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