STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 16, 2020- 11:48 a.m. DAY 3

[Remote Hearing conducted via Webex]

RE: DE 20-092
ELECTRIC AND GAS UTILITIES:
2021-2023 Triennial Energy
Efficiency Plan

PRESENT:
Chairwoman Dianne Martin, Presiding
Commissioner Kathryn M. Bailey

Jody Carmody, Clerk
Corinne Lemay, PUC Remote Hearing Host

APPEARANCES:

Reptg. Public Service Company of New Hampshire, d/b/a Eversource Energy::
Jessica A. Chiavara, Esq.

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

Reptg. Liberty Utilities (Granite State Electric) and Liberty Utilities (EnergyNorth Natural Gas), d/b/a Liberty Utilities:
Michael J. Sheehan, Esq.

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

COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44

APPEARANCES: (Continued)

Reptg. Clean Energy New Hampshire:
Elijah D. Emerson, Esq. (Primmer...)
Madeleine Mineau, Executive Director

Reptg. Conservation Law Foundation:
Nick Krakoff, Esq.

Reptg. The Way Home:
Raymond Burke, Esq. (N.H. Legal Asst.)

Reptg. Dept. of Environmental Services:
Rebecca Ohler
Christopher Skoglund

Reptg. Southern N.H. Services:
Ryan Clouthier, Dir..)

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

Reptg. Commission Staff:
Paul B. Dexter, Esq.
Brian D. Buckley, Esq.

# I N D E X

SETTLING PARTIES WITNESS PANEL:

KATE W. PETERS
MARY A. DOWNES
CAROL M. WOODS
ERIC M. STANLEY
DAVID G. HILL
PHILIP H. MOSENTHAL

I N D E X (CONT'D)

P R O C E E D I N G S

CHAIRWOMAN MARTIN: We're here this morning to continue the hearing in Docket DE 20-092 regarding the 2021 to 2023 Statewide Energy Efficiency Plan. We've already made the necessary findings to hold this as a remote hearing. I will remind everyone that if you have a problem during the hearing, please call (603)271-2431. And in the event the public is unable to access the hearing, the hearing will be adjourned and rescheduled.

Okay. We have to take a roll call attendance. My name is Dianne Martin. I am the Chairwoman of the Public Utilities Commission, and I am alone.

Commissioner Bailey.

COMMISSIONER BAILEY: Good morning, everyone. Commissioner Kathryn Bailey, and I am alone.

CHAIRWOMAN MARTIN: Okay. And appearances. Ms. Chiavara.

MS. CHIAVARA: Yes. Good morning. Jessica Chiavara, here for Public Service of

New Hampshire, doing business as Eversource Energy.

CHAIRWOMAN MARTIN: All right. Thank you.

And Mr. Sheehan.

MR. SHEEHAN: Good morning. Mike Sheehan for Liberty Utilities (Granite State Electric) and Liberty Utilities (EnergyNorth Natural Gas.) And I have one mechanical issue to raise with the Chair after we go through appearances.

CHAIRWOMAN MARTIN: Okay. Thank you. Just remind me.

And do we have Mr. Epler today instead of Mr. Taylor?

MR. EPLER: Yes, you do, Madam Chair. Thank you for recognizing me. I'm Gary Epler, appearing on behalf of Unitil Energy Systems and Northern Utilities. Thank you very much. And if I may add, when Mr. -- (connectivity issue)

CHAIRWOMAN MARTIN: Mr. Epler, you're having audio issues, and I don't think we heard any of the last thing you said.

MR. EPLER: Oh, my apologies. Can you hear me now?

CHAIRWOMAN MARTIN: Not really. Go ahead and keep trying. We'll see if it gets --

MR. EPLER: How about now?

CHAIRWOMAN MARTIN: Yes.

MR. EPLER: All right. I'm not sure what you didn't hear. So, Gary Epler, appearing on behalf of Unitil Energy Systems and Northern Utilities. And I am sitting in for Attorney Patrick Taylor. He should return later this afternoon. Thank you very much.

CHAIRWOMAN MARTIN: Okay. Thank you. Loud and clear now.

All right. And Mr. Dean.

MR. DEAN: Good morning. Mark Dean, on behalf of New Hampshire Electric Cooperative.

CHAIRWOMAN MARTIN: Thank you.

And Mr. Kreis.

MR. KREIS: Good morning, everybody. I'm Don Kreis, the Consumer

Advocate, here on behalf of residential utility customers. Sorry to be wearing my down vest, it's so formal an occasion. But I happen to be in a place that could use some weatherization.

CHAIRWOMAN MARTIN: No worries.

Okay. And I don't think I see anyone from DES with us today. If you are here, just speak out.

MR. DEXTER: Madam Chair, DES is present and volunteered to be demoted to the attendee pool because they weren't planning to speak. That was Chris Skoglund that made that statement prior to the Commissioners entering the room.

CHAIRWOMAN MARTIN: Okay. Thank you for that. And thank you to Mr. Skoglund for being willing to do that. I definitely appreciate it.

Okay. Mr. Emerson.

MR. EMERSON: Thank you, Madam Chairwoman. This is Eli Emerson from Primmer, Piper, Eggleston & Cramer, on behalf of Clean Energy New Hampshire.

CHAIRWOMAN MARTIN: And Mr. Krakoff.

MR. KRAKOFF: Chairwoman, Nick Krakoff from Conservation Law Foundation.

CHAIRWOMAN MARTIN: All right. And Mr. Burke.

MR. BURKE: Thank you, Madam Chairwoman. And good afternoon, everyone. Raymond Burke from New Hampshire Legal Assistance, appearing on behalf of The Way Home. Thank you.

CHAIRWOMAN MARTIN: Thank you. And Mr. Clouthier.

MR. CLOUTHIER: Thank you, Madam Chairman -- Chairwoman. This is Ryan Clouthier, on behalf of Southern New Hampshire Services.

CHAIRWOMAN MARTIN: Thank you.

And Mr. Dexter.

MR. DEXTER: Good morning. Paul Dexter and Brian Buckley appearing on behalf of the Commission Staff.

CHAIRWOMAN MARTIN: All right. Is there anyone who has not put in their appearance?

[No verbal response]

CHAIRWOMAN MARTIN: Is it Mr. Koester? Are you speaking? I can't hear you if you're speaking to me.

MR. DEXTER: Madam Chair, I will note that Stefan Koester is associated with the Acadia Center, who is an intervenor in this proceeding.

CHAIRWOMAN MARTIN: Okay. Ms. Lemay, any suggestions on getting his audio working, if you're still with us?

[No verbal response]

CHAIRWOMAN MARTIN: Mr. Koester, I still can't hear you. Do you have another way to connect by audio?

Let's go off the record for a moment, Ms. Robidas.

(Pause in proceedings)

CHAIRWOMAN MARTIN: Would you like to put in your appearance, who you're here for?

MR. KOESTER: Yes. Stefan Koester, policy analyst with the Acadia Center.

CHAIRWOMAN MARTIN: All right. Thank you and welcome.

Okay. Public comments.

Ms. Lemay, I think we just lost you again. I don't know if you can hear me.

(Pause in proceedings)

CHAIRWOMAN MARTIN: If we didn't get Mr. Koester on the record, I would like to have his appearance on the record. Shall we have him restate?

Mr. Koester, would you restate your appearance? Can you hear me, Mr. Koester?

MR. KOESTER: Stefan Koester with the Acadia Center.

CHAIRWOMAN MARTIN: Thank you.

MR. KOESTER: Thank you.

Okay. And Ms. Lemay -- Ms. Carmody, do you know if she's having technical issues?

MS. CARMODY: I don't believe she is. And I've just asked her to please stay on.

CHAIRWOMAN MARTIN: Okay. Do you know if we have anyone who wanted to make public comment this morning?

MS. CARMODY: I don't believe so, no.

CHAIRWOMAN MARTIN: Okay. Thank you.

All right. Any preliminary issues before we go back to the witnesses?

MR. DEXTER: Madam Chairwoman, I have two preliminary issues I'd like to raise. I don't think either of them will take much time.

CHAIRWOMAN MARTIN: Okay. Go right ahead.

MR. DEXTER: Thank you. I may have sowed some confusion as to the Utilities' exhibit numbers within the PUC clerk's office, and potentially the Commissioners' office, based on some e-mails that were circulating trying to identify the exhibits. So I just want to take a moment to identify what Exhibits 17 through 20 are.

CHAIRWOMAN MARTIN: Okay. Why don't I tell you what I think they are, and you can tell me if I have it right.

MR. DEXTER: Okay.

CHAIRWOMAN MARTIN: I have Exhibit 17 was the Unitil updated H3. Exhibit 18 contains the corrections to the Tebbetts testimony filed by Liberty. And Exhibit 19 is the utilities' response to the record request. Is that what you have?

MR. DEXTER: Yes, that is. And I believe there's now an Exhibit 20 as well, which I have as the New Hampshire Electric Cooperative's corrected schedule indicating that 20 percent of the SBC funds were allocated to the income-eligible program.

CHAIRWOMAN MARTIN: Can you repeat that for me, Mr. Dexter?

MR. DEXTER: Yes. I believe it was filed yesterday as Exhibit 20, although I'm not sure of the exhibit number. But I believe it would be Exhibit 20. Maybe Mr. Dean could address it. It was his filing.

MR. DEAN: Yes, it should be marked as Exhibit 20. And it's titled "New Hampshire Electric Cooperative Correction to the NHES-Specific Portion of Utilities' Response to TS 1-006," which is Exhibit 32, and it's a one-page document.

CHAIRWOMAN MARTIN: Okay. Any other changes to exhibits?

(Exhibits 17-20 premarked for identification.)

[No verbal response]

CHAIRWOMAN MARTIN: All right. Mr. Dexter, you had two issues?

MR. DEXTER: I did, but I realize my second issue pertains to the rates panel, so I think I'll wait and raise it at that time. That makes more sense.

CHAIRWOMAN MARTIN: Okay. And I know we had discussions about scheduling. Is there consensus among the parties at this point as to availability for days, additional days? Mr. Dexter, perhaps you could speak to that.

MR. DEXTER: Yes. We were asked to -- Staff was asked to ask about Wednesday, adding the two hours, which obviously we did, Thursday and Monday. And we were not able to have all parties available on Thursday. I believe all parties are available on Monday. I got a bunch of e-mails today, and I think I heard from everyone. So I believe we are available Monday from 9 to 3 p.m.

CHAIRWOMAN MARTIN: Okay. Does anybody want to be heard on the scheduling piece?

[No verbal response]

CHAIRWOMAN MARTIN: All right. Then I will see you all on Monday as well.

Okay. Anything else before we go to the witnesses?

[No verbal response]

CHAIRWOMAN MARTIN: Let's go back to the Settling Parties Panel. And I'll remind the witnesses in the panel that they remain under oath.

Mr. Dexter, you had some additional questions?

MR. DEXTER: I do. And thank you for the opportunity.

(Whereupon the Settling Parties Panel was recalled to the stand, consisting of KATE W. PETERS, MARY A. DOWNES, CAROL M. WOODS, ERIC M. STANLEY, DAVID G. HILL, PHILIP H. MOSENTHAL.)

KATE W. PETERS, PREVIOUSLY SWORN
MARY A. DOWNES, PREVIOUSLY SWORN
CAROL M. WOODS, PREVIOUSLY SWORN
ERIC M. STANLEY, PREVIOUSLY SWORN
DAVID G. HILL, PREVIOUSLY SWORN
PHILIP H. MOSENTHAL, PREVIOUSLY SWORN

CROSS-EXAMINATION (Cont'd)

BY MR. DEXTER:

Q. When we left off on Monday, I had asked the utilities about whether or not they expected to meet the performance incentive threshold we had been talking about for 2020. And I believe several of the utilities indicated that 2020 is not over yet, but they are taking actions in 2020 with respect to trying to meet those thresholds and savings goals. And I would like to ask the panel if they would please describe for the Commission, in a little more detail, what those actions are that they're taking.

A. (Peters) I can go first. So, for 2020, many of the actions that we're taking are the same

actions that we typically take to --
(connectivity issue)
CHAIRWOMAN MARTIN: Ms. Peters --
A. (Peters) -- as I noted the other day --
CHAIRWOMAN MARTIN: Ms. Peters, can you hear me?
WITNESS PETERS: I can.
CHAIRWOMAN MARTIN: You're having a lag, so we can't hear your audio very well.
WITNESS PETERS: Oh, dear.
CHAIRWOMAN MARTIN: Ms. Lemay, any suggestions?
MS. LEMAY: The other thing I would try is I see a couple people -- or Mr. Koester is not muted. I don't know if he can do that with his phone. It sounds like it's bandwidth, that's why it's very choppy like that.
CHAIRWOMAN MARTIN: Go off the record for a second.
(Pause in proceedings)
CHAIRWOMAN MARTIN: Back on the record.
A. (Peters) Okay. Mr. Dexter had asked about

actions that we're taking in 2020 to achieve the goals. They are similar types of actions that we take every year to achieve the goals. 2020 has provided some additional challenges related to the pandemic. Earlier this year we notified the Commission of some incentive changes that we were making in order to jump-start the programs after a pause that we had to take. So we have been reaching out to customers utilizing those increased incentives, and working with our vendor networks, with all of our staff, with our account executives, you know, and trying to bring on and to close projects.

At this point in the year, we're not really bringing on new projects that we'll finish in 2020, but we are working very hard with the vendors and the customers to confirm timelines and try to assure that as many of the projects as possible actually complete and close this month. December is a very significant month for closing things out and tieing up details and making sure that we count those projects in this year. So those are the high levels of activity that we are undertaking right now to try and cross those thresholds.

Q. Thank you.

Yes, Mr. Stanley. I want to ask a follow-up, and then I'll -- really, it's not up to me. It's up to the Chair. But I would propose to ask a follow-up and then have the other utilities weigh in.

CHAIRWOMAN MARTIN: However you would like to proceed, as long as you recognize Mr. Stanley at some point is fine.

MR. DEXTER: Thank you.

BY MR. DEXTER:

Q. Just a quick follow-up. When you mentioned adjusting the incentives again, I want to make sure, because "incentives" gets used in different ways. You were referring in your answer, Ms. Peters, to the 90-plus percent rebates offered to residential customers in that instance; correct?

A. (Peters) So that's one of them, yes. So "rebates" maybe instead of incentives. We also have rebates for our commercial customers. And we have taken an approach where we are, in some cases, offering higher than typical rebates to those customers this year as well in order to move forward with projects for 2020.

Q. Thank you.

And yes, now I would welcome answers from the other utilities as well.

[Court Reporter interrupts.]

A. (Stanley) Okay. Thank you. To build off what Ms. Peters highlighted earlier, in addition to what she mentioned, Liberty and the other utilities, we've deployed a number of special campaigns and outreach to customers, whether it's doing limited-time promotions, increase in our level of outreach to specific customers, there's been a variety of different engagement efforts that we've been deploying since we were able to reopen our programs back in late spring/early summer to work with our customers and generate activities. So there's been a variety of different measures. Each program has had a different approach to a different degree.

Certainly larger incentives have played a role across the board. But in general, those are some of the different things we've been doing consistently since, again, since about the May-June time period.

A. (Downes) So, Mary Downes from Unitil. I don't really have anything to add. We expect to be able to reach at least threshold on our metrics for 2020 with extra effort, of course, given COVID. But we expect to make our threshold.

A. (Woods) And this is Carol Woods from New Hampshire Electric Co-op. I don't think we have anything to add to what the other utilities have said. We are also reaching out to our members, working with our account executives and our contractors. We have offered some special promotions, and we are striving to get as many projects completed by the end of the year as we can.

Q. Thank you. So I'd like to move now to Exhibit 2, Attachment M, which starts on Bates Page 706. And my first few questions will actually go to Bates Page 707, which has a couple of charts on it. And I would ask the witnesses, when they get there, to please explain in general terms what these charts represent, the first two charts, which deal with Eversource residential customers.

A. (Stanley) So this is Eric Stanley. I can speak to the coloring of the charts that are depicted on Page 707. So the yellow bars that are shown here in the topmost graph on Bates Page 707 are reflecting the modeled effects of the system benefits charge. The red bars are showing the modeled effects of lost revenue. The greenish-brown bars are showing the modeled effects of avoided costs. And the black dotted line is depicting the net effects of all components together. And the time -- well, the time horizon here is essentially showing the effects of these various charges over the life of the various efficiency measures modeled in the program.

Q. And it's hard for me to read that bottom scale. Could you indicate what the average life of the measures is in this Eversource electric residential graph?

A. (Stanley) The time period here, from my visual, is from 2021 through 2035, so about a 14-year time period.

Q. Thanks. And the chart below it, could you explain what the blue bars represent on that chart?

A. (Stanley) Sure. So the various categories here, which are all in blue, are depicting four different hypothetical customer scenarios. So the far left bar is depicting a hypothetical non-participant scenario. The two bars to the farther right is a low-savings participant hypothetical scenario, a high-savings participant hypothetical scenario. And then in the middle, or middle left, the average customer column is a blend of the non-participants and low- and high-savings participants scenario.

Q. And this is designed, the blue bar, to net out the effects of the yellow, red and green up above; is that right? In other words, this is to sort of net all that together and see what the overall impact is on these hypothetical customers over the 14-year

lives; is that right?
A. (Stanley) In terms of the modeled effect of the projected revenue requirement change to the companies, and for these particular graphs, for the top two, for a residential Eversource customer.
Q. So would it be fair to say, then, that based on the blue bar chart for Eversource residential customers, that the first three categories -- non-participant, average and low-savings participant -- that when all is said and done, and the programs are implemented over the 14-year period, they will experience what I would characterize as less than 1 percent increases in their bills? Is that right?
A. (Stanley) Yes, that's correct.
Q. And the --
A. (Stanley) My apologies. Go ahead.
Q. Go ahead.
A. (Stanley) No.
Q. And the high-savings participants will experience decreases in their bills again over that 14-year period. Do I understand

that right?

A. (Stanley) That's correct.

Q. Is it correct that the modeling assumptions behind these graphs assume that the avoided cost benefits resulting from these programs are realized and recognized by the residential customers each year as they happen?

A. (Stanley) They're recognized over the life of the measures installed, for whatever measures the customers do install.

Q. But is it true that if costs are avoided, say in year four, this model assumes that those savings, those avoided cost savings enure to the benefit of those customers in year four, or year five maybe?

A. (Stanley) That's correct. It's depicting the results of the impact to the customer over time.

Q. And isn't it also correct, at least with respect to distribution savings, that in practicality, distribution reductions, cost reductions, would only be sent back to customers during rate proceedings,

rate-setting cases?
A. (Stanley) I am not a rates expert in that regard, so I couldn't answer yes or no.
Q. Can anyone else on the panel answer that question?
A. (Downes) This is Mary. I think it's important to give some context to Attachment M that we're looking at here. This is looking at illustrative impacts in a way that's a little bit different than the way that the utilities have typically provided bill impacts, and it's to take into account the long-term benefits that are realized by all customers. And, again, I'm not actually answering the question you asked and that Eric was attempting to answer. And I think it may be appropriate for the rates panel to look at that. But contextually, this was another illustrative way of looking at the long-term benefits of the programs to customers at different -- you know, both participants and non-participants.
Q. And on Page 706, there's some text that describes what makes up a high-savings

participant; correct?

A. (Stanley) That is correct.

Q. And I won't take time to read that into the record. We can all look at that.

I want to look at Bates 708 for a minute. And I believe I'm still on Eversource. But my understanding is that 708 depicts the same two graphs for Eversource's small C&I customers and Eversource's large C&I customers. Is that right?

A. (Stanley) That's correct.

Q. And then the --

A. (Stanley) Or I should say -- I apologize. It's depicting, again, a hypothetical example of a small customer versus a large customer in the scenarios that are depicted or described on Bates Page 706 that showed the descriptions of what a high-savings or low-savings participant could be.

Q. Yes. And in each of these instances, the high-savings participant sees the largest bill savings over the life of the measure; is that right?

A. (Stanley) Yes, that's correct.

Q. And the life of the measure seems to have extended maybe one more year for the large C&I customers, out to 2036. So, 15 years; is that right?

A. (Stanley) Give or take, yes. It's again reflective of the projected measure life assumptions from the Plan; so the measure mix, which could be different compared to between sectors, between the residential sector and the commercial and industrial sector.

Q. Yeah. And in this instance, it appears to be quite close. I think you had said 14 years for the residential customers, and now it looks to me like 15 years for the large C&I customers; is that right?

A. (Stanley) That's what I'm reading from the graph.

Q. Okay. So I wanted to talk about -- because to me this graph demonstrates that participation is important in order to achieve bill savings. I wanted to talk for a minute about participation rates. And I wanted to ask the panel about a few numbers that I found in the record concerning participation and try to get this into some context.

So I'd like to go, first of all, to Exhibit 2, Bates 353. And this is a schedule entitled "New Hampshire Saves Electric Programs 2021 Utility Goals by Program." And this has all four companies listed. I just wanted to focus for a minute on the Eversource Large Business Energy Solution category, which is about halfway down the page, and Eversource is about halfway in the middle of the chart. So I'm basically looking almost at the bull's eye of this square chart. And it says that 1,355 participants are expected in the large C&I program. Am I reading that right?

A. (Peters) Yes, Paul, you are.

Q. And that's just for 2021; correct?

A. (Peters) Yes.

Q. Is that 1,355 individual customers, or could a customer be a participant more than once?

A. (Peters) I believe the way we do the modeling, we try to identify participants as customers doing projects. So, for instance, if there were multiple light bulbs or steam traps or something like that being done in a project, we wouldn't count every steam trap as a participant; we would count the customer as a participant. It is a little difficult in planning to parse out exactly how many customer participants you will get or the number of measures that will be installed. When we report the actuals, it's a lot easier to determine, because then we know how many steam traps each individual project may have installed. So there's some estimating there. But the attempt is to identify, for planning purposes, the number of participants, which is typically kind of a customer project that's implemented.

Q. So I think I understood that to say that if a customer installed a steam trap, whatever that is, and some light bulbs, that they would be two participants, not one participant; is that right?

A. (Peters) I believe the attempt in the modeling with these numbers is to count them as one participant here. But again, the modeling is really a projection of the number of measures that we're trying to do, and then we're trying to roll that up into estimated participant number for these charts.

Q. Okay. So if we could, quickly, let's look at Bates 368, which also deals with a number of participants. And if I understand, this is the same schedule, but this encompasses all three years; is that right?

A. (Peters) Yes, that's right.

Q. And again, trying to get to this question about whether participants include more than one installation, if I look at the number of participants for the municipal program, which is about two thirds of the way down the page, and if I go over to Liberty, which is the second column, I see 279 participants. And my quick count indicates that Liberty serves about maybe 30 towns, cities and towns. And so I would ask if Liberty could explain the 279 participants that are listed in this schedule.

A. (Stanley) Sure. So the counts that you're asking about reflect for Liberty, and I believe this is also the case for the utilities, they reflect unique project applications. So your question earlier of could a customer have -- you know, appear multiple times within these numbers, the answer is yes, if they have multiple unique applications submitted. So one project could have a wide variety of the measures which are all reflected into one application. That could be reflected as one. It also could be a customer could do one specific measure, let's say a heating system replacement for a municipal customer. That comes on its own as one application, and that's also counted as one. So that's what's reflected in the numbers for Liberty.

A. (Downes) And I would --

A. (Stanley) And it's depicted in the detail, the attachment. It escapes me, off the top of my head, what that attachment is in the Plan that shows the measure-by-measure plans, quantities and assumptions across each program. So it can show you clearly what makes up the 279 quantity for the Liberty Electric municipal group.

A. (Downes) I would also add that a municipality could have two dozen accounts with one of the utilities, representing different buildings, street light projects, wastewater treatment plant. We also serve the school districts through our municipal program, and they have multiple buildings in a particular town. So the number of municipalities is not necessarily the correct denominator in terms of who is served; it would more be the number of accounts.

Q. Thank you for raising that, because that was my next question, because I tend to think of Granite State Electric and Unitil Electric as somewhat comparable in size. And I was next going to ask Unitil about the 33 municipal projects they have listed on Bates 368 and ask the same question: Would that indicate 33 municipalities or something other than that?

A. (Downes) I think that the level of detail you're looking at here, Mr. Dexter, is not the -- it's not how we have necessarily planned our programs. The number of participants is really a function of the modeling. And I think Ms. Peters was getting to this earlier. So we are more focused on the savings that can be realized from the measures that we're planning. And at least for Unitil, we're less focused on getting the absolute number of participants, you know, consistent with each other or prior years. So when we report, we certainly do pay attention to that in our reporting, based on a project level, but I'm not sure that the level of attention that's being given to it was met with the level of attention that was given to it when we planned. What you are -- the investigation -- the questions that you're asking now are more detailed than we have ever, you know, been asked about before. So I think that for Unitil, the 33 may represent something different than what Liberty put together for 279, in terms of how they're being counted.

A. (Woods) And this is Carol Woods. I just --

one other thing about the municipal program is that the budget is set as it's funded by RGGI funding, which came through the legislature. And so that particular program, a municipal member or customer also can participate in the other business programs, small or large. So that planned number for the municipal program isn't necessarily reflective of what the activity will be in that program, because once that budget is exhausted, those municipal members and customers can participate in the large business or small business program.

MR. DEXTER: Okay. That's all the questions I have for this panel. I wanted to give Attorney Buckley an opportunity to make sure that he didn't have anything to add before we concluded our cross-examination of this panel.

MR. BUCKLEY: Nothing to add on my end.

MR. DEXTER: Thank you. That completes Staff's questions of this panel.

CHAIRWOMAN MARTIN: Thank you, Mr.

Dexter.

Mr. Krakoff, would you like to go now?

MR. KRAKOFF: Yes. Thank you, Chairwoman.

CROSS-EXAMINATION

BY MR. KRAKOFF:

Q. These initial questions are mainly directed towards Ms. Peters. But to the extent the rest of the panel is able to answer, they're certainly welcome to chime in.

Good morning, or good afternoon, Ms. Peters. I guess it's afternoon. So I have two questions directed to you about how the Plan was developed that was filed with the Commission.

So could you please explain how the savings goals contained in the original Plan that was filed with the Commission back in September, how those were determined?

A. (Peters) Certainly. The savings goals were determined through the course of multiple conversations and months of iteration and discussion in the stakeholder process with the EERS Committee and other entities that participated in those discussions, comments from the public, the consultant and so on. And those goals were arrived at through a narrowing of that conversation as it became clear through discussions what the priorities were of the stakeholders who were participating. And part of any EERS is setting a savings target and then determining how to do the plan and what the budgets are that are going to meet that savings target. So it was a really important part of the conversation. And there was a lot of discussion about it. And it was arrived at kind of in a more final form after the July draft of our Plan was submitted to the Committee. There was a lot of feedback on that July draft. And the utilities came back to the Committee after that feedback with a proposal for moving forward with a plan that would encompass the 5 percent and 3 percent savings targets that had kind of arisen as the ones that were the preferred targets of the group as a whole.

Q. And I think you said this already the other day, but do you remember when approximately the process started?

A. (Peters) I believe it was November of 2019 that we had an initial EERS Committee meeting that kicked it off.

Q. So am I correct that the Commission -- or the Committee worked from November of 2019 until August of 2020 on this Plan?

A. (Peters) Yes, that's right.

Q. Okay. Now, you know, I'm not sure if you recall or if you know, so only answer if you do know. But the stakeholder process for the 2021-2023 Plan, was that different in any respect from the stakeholder process for the 2018-2020 Plan?

A. (Peters) The process for this Plan I think was a bit more comprehensive. We certainly spent a longer time on it. We had two drafts that ended up being submitted to the Committee due to some external factors. The process for the 2020 -- or 2018, I'm sorry, to 2020 Plan included a prior docket that set the stage for the EERS, and it was in that prior docket that the savings targets were established. So the planning process had those savings targets as an input already as something that had been determined. In this planning process, we worked with the Committee and others to both develop the targets and to develop the Plan to achieve them within the same process.

Q. Okay. And I don't know if you know. Did the Commission issue an order making the EERS Committee the main stakeholder body responsible for developing the 2021-2023 Plan?

A. (Peters) Yes. I believe it was the order for the original EERS indicated that the EESE Board would be the stakeholder body. And we discussed the more specific process for this Plan, I believe in the order that approved the 2019 update to the first three-year plan, where we laid out a little more specifically the timeline and the process for stakeholder discussions.

Q. So would it be fair to say that when, you know, the Committee was working in developing the Plan, they were working pursuant to a Commission order that directed the Plan -- that developed the Plan?

A. (Peters) Yes, I would agree with that.

Q. Now, approximately how many members are on this EERS Committee?

A. (Peters) I would have to count, but I would say 13 to 18.

Q. And in your opinion, did the Committee represent a diverse group of interests?

A. (Peters) It did. It was, I think, intentionally. The EESE Board represents a diverse group of interests as it was set up by the legislature. And the Committee is a piece of the EESE Board. It not only included EESE Board members, but also some additional members who wanted to join that committee and participate.

Q. And is BIA a member of this committee?

A. (Peters) Yes, they were.

Q. Now, you mentioned briefly a second ago about how the savings targets for the Plan were developed. And I think you said that the Committee -- or sorry -- the Utilities received some feedback from the Committee members on the initial proposals that were submitted by the Utilities. And were most of the members -- you know, did most of the members of the Committee advocate in support of, you know, the more aggressive 5 percent and 3 percent savings targets?

A. (Peters) Yes. I would characterize it as "very strong feedback" that we received from the Committee. There were a number of members who submitted written feedback that are part of the Committee records and notes. We had a number of kind of members of the public call in to one of the feedback meetings that we had expressing support for higher savings targets. So that was a message that the Utilities received from members of the Committee and members of the public. I would say quite strongly that higher savings targets than we had proposed in the July draft were of quite significant importance.

Q. And so it would be fair to say that most of the comments from the public that you

received also supported stronger savings goals or targets?
A. (Peters) Yes, that's my recollection.
Q. Okay. So in response to the general feedback you received, you know, am I correct to say that the Utilities went back and revised their initial plan to account for those comments and to incorporate, you know, what most of the feedback was?
A. (Peters) We did. We went back and presented back to the Committee in response a series of adjustments that we proposed to make in order to increase the savings targets and adjust the Plan accordingly, in terms of budgets and rates and the performance incentive and some savings assumptions and many of the elements that we've been talking about. We presented that back to the Committee, got a positive vote of feedback from the Committee on that approach, and we then went into the more detailed work of actually doing the modeling and crafting of the final Plan that we submitted in September to achieve those savings targets.

Q. Now, you know, during the EERS Committee's work, you know, did it ever get contentious between some of the parties?
A. (Peters) Certainly. I think anytime you have a diverse group with, you know, multiple opinions, there's areas of contention or disagreement that you need to work through.
Q. But, you know, sort of based on your vantage point, would you say that the parties reached consensus in, you know, coming up with the Plan?
A. (Peters) I felt that we got strong consensus from the Committee on our approach after we received that feedback on the July Plan and were creating the path forward for the September Plan.
Q. Now, I think the other day you said that, you know, I don't think -- let me restate that.
I think you said the other day that, you know, when there was a vote on the Plan, the Utilities hadn't yet developed the full rate analysis for the Plan. Is that true?
A. (Peters) That is correct. You establish or project the rates once everything else is

finished. So you make sure you're working with the final savings and budget numbers.

Q. But it is true that for the July Plan you provided, the July draft, people provided estimates of the rates.

A. (Peters) We did. The July draft, as did the April draft, provided full budgets for the programs. And we did, at the request of participants -- I believe it was at the request of Staff initially -- but we provided to the Committee a set of kind of estimated rates for the July draft to the Committee so that they could have a sense of that impact.

Q. And I think the other day, you know, Mr. Dexter asked you some questions about, you know, what rates were presented before that final vote with the EERS Committee. But did the Utilities sort of provide, you know, a general estimate of the direction that rates would go, you know, in response to the changes that were made, you know, to the July Plan?

A. (Peters) Absolutely. I think we, in discussions with the Committee, tried to be very clear that an increase in the savings targets of about 20 percent from the July draft up to that 5 percent and 3 percent -- mostly the 5 percent we're talking about here -- would result in similar increases to budgets and to projected rates.

Q. And do you recall what the final vote was for the Plan with the EERS Committee?

A. (Peters) The Committee had a unanimous vote of the members that were there for that discussion about moving forward with the amended proposal from the Utilities.

Q. And at that time, did the BIA vote in favor of the Plan?

A. (Peters) They were part of that unanimous vote, yes.

Q. And then following the Committee vote, did the Plan -- was the Plan presented to the EESE Board?

A. (Peters) Yes, it was.

Q. And was there a vote of the EESE Board?

A. (Peters) Yes, there was.

Q. And do you recall if there was a -- what the final vote was of the EESE Board for the

Plan?

A. (Peters) It was, I believe, 11 to 2. But I would have to double-check the meeting minutes. But that is my recollection.

Q. Okay. And do you recall whether BIA voted for the Plan before the EESE Board?

A. (Peters) I don't believe BIA was present for the vote at the EESE Board.

Q. Okay. Now I want to shift gears a little bit here. I'm going to ask you some questions about Attachment M which Mr. Dexter asked questions on. So, you know, these questions are really directed more towards the whole panel, you know, so the whole panel should feel free to, you know, add anything, you know, that they feel necessary.

So looking back at Attachment M, which was Exhibit 2 -- and let me just find it quickly here. So looking at -- thank you very much for providing us an explanation of what these graphs mean, starting at Bates 707.

But could you please explain, you know, these blue graphs which are titled "Change in

Long-Term" --

[Court Reporter interrupts.]

A. (Krakoff) The title of these graphs, there's a series of them, is "Long-term Average Change in Bills Over the Life of the Measures."

So could you just please explain to us again what exactly that means.

A. (Peters) So as Mr. Stanley explained a little earlier, and I'll let him fill in here if needed, this model is looking at kind of the overall impact of the Plan on the revenue requirement and on a set of kind of average bills. And those bars indicate the long-term impact for those particular customer groups and those defined illustrative customer types there. They're not tied to kind of specific customer projects or savings in our Plan, but are more illustrative in terms of the types of customers that might participate and the average impact on their bills.

Q. Okay. So looking at that first bar graph with the blue bars, you know, could you please explain to me what it means, you know,

under the title "Non-participant" and it says "1 percent," you know, what that means in terms of bill impacts over the life of the measures in the Plan. You know, this is -- sorry. This is for small commercial and industrial ratepayers. So this is on Bates Page 708, and it's the first graph with the blue bars there.
A. (Peters) Yup. So that would be saying that a non-participant would have a 1 percent increase in their long-term average bills over the life of the measure.
Q. Okay. So that's basically saying, just restating what you said, I think. But is that basically saying that for somebody that doesn't participate, you know, in the programs of the Plan, the average non-participant would see a 1 percent increase in their bills? Is that right?
A. (Peters) Yes.
Q. Okay. Now looking at the next bar over, you know, it says negative 1.5 percent for an average customer. Could you please explain what that means. And this is again for small

C&I customers.
A. (Peters) Yeah. In this model, my understanding is that an average customer is kind of a blend of the non-participants and participant. So I don't know if in real life that's possible. But numerically in the model, that's what the average customer is representing.
Q. Okay. So the negative 1.5 percent, what does that signify?
A. (Peters) That signifies a 1.5 percent reduction.
Q. Okay. And then moving over to the next line, it says this is for a low-savings participant and negative 1.4 percent. You know, just to speed things along a little bit, does that mean that for the low-savings participant, that the average small C&I customer is going to see a 1.5 percent decrease in their bills over the lifetime of the measures at issue?
A. (Peters) Yes, that's what the model is showing.
Q. Okay. And then going over to the high-savings participant on the same graph,

that shows a negative 8.4 percent; right?

A. (Peters) Yes, it does.

Q. And based on your, you know, previous explanation, would it be fair to say that that signifies, that their model signifies that for the lifetime of the measures for a small C&I customer, they're going to see -- or a high-savings participant, they're going to see a 8.4 percent decrease in savings -- in bills?

A. (Peters) Yes, that's correct. We always say the best way to have a positive impact on your bill is to participate in energy efficiency programs. And we are actively reaching out and encouraging customers to participate. We have offerings. We have kind of a whole suite of offerings that allow for many levels of participation. And our goal is to really help as many New Hampshire customers as we possibly can to participate in the programs and save money on their energy bills.

Q. Okay. And then moving down on that same page, we're still on Bates 708. I'll just ask you similar questions about the large C&I customers for Eversource.

So looking at non-participants, it says negative .1 percent. So does that mean that even for the average non-participant, they're still going to see bill decreases over the lifetime of the measures at issue?

A. (Peters) That's correct, because the model is showing an overall reduction in the revenue requirement over the course of the measure lives, that even non-participants in that sector would see a bill reduction.

Q. Okay. And then turning over to the average customer, it says negative 5.2 percent. You know, does that mean that over the lifetime of these measures, the average large C&I Eversource customer is going to see a 5.2 percent decrease in their bills?

A. (Peters) That's what the model is showing.

Q. Okay. And then finally looking at high-savings participants, does the model show a 9.8 percent decrease for large C&I customers over the lifetime of the measures at issue?

A. (Peters) Yes, it does.

MR. KRAKOFF: Okay. Commissioners, I have no further questions at this time.

CHAIRWOMAN MARTIN: Thank you, Mr. Krakoff.

Commissioner Bailey.

COMMISSIONER BAILEY: Thank you.

INTERROGATORIES BY COMMISSIONERS:

BY COMMISSIONER BAILEY:

Q. Good afternoon. Mr. Mosenthal, I'd like to start with you, please.

A. (Mosenthal) Okay.

Q. I've just got to find my page. Okay.

Do you know what the monthly rate impact for an Eversource residential customer using 600 kilowatt hours a month is for each year in the Plan, assuming the system benefits charges are approved?

A. (Mosenthal) I'm not recalling it, off the top of my head. But I believe I did provide that when I talked about what it would take to offset the costs. I'm looking now. For some reason, I believe it was $43 a year, about. So...

Q. In which year? First year, 2021?

A. (Mosenthal) No, I believe that was 2023. I believe that was the highest.

Q. Does the rate -- I'm sorry. Does the SBC rate go to about a penny per kilowatt hour for residential customers?

A. (Mosenthal) Yes. A little bit higher I think for Eversource. But close to a penny.

Q. Okay. So if it's one cent, and the average customer has 600 kilowatt hours, that's about $6 a month, which would be about $72 a year.

A. (Mosenthal) Yeah, that would make sense. I think what I was talking about in my testimony was the increase in the SBC, not the entire SBC; so comparing it to 2020, which I think I had a lower number.

Q. Thank you. That's helpful.

Do you think that that increase is reasonable?

A. (Mosenthal) I think that it is. You know, a couple of things I should point out. You know, that's the non-participants. And the residential programs in particular, you know, they have upstream lighting and other upstream programs that the majority of customers are likely to participate in. And, you know, I think to the extent you want to treat more customers and have less non-participants, you really need to increase budgets and have more aggressive programs. But I think it's a reasonable trade-off for non-participants to have, you know, that level of increase. I think I show that buying three light bulbs would be enough to offset the increase from the 2020 SBC.

Q. And can you tell me again what an "upstream program" is?

A. (Mosenthal) Sure. So, for example, if you go to Home Depot or your local hardware store, let's say, to buy a new lightbulb, they will have LED light bulbs on the shelf that are efficient at reduced cost because the utilities are basically providing a rebate to buy down the retail price of those light bulbs. They're simply giving that rebate to the retailers upstream as opposed to the customers directly. So many customers may not even know they are participating in that program.

And I think I pointed out in my testimony that Nova Scotia, who also runs a similar program, estimates that by the end of this year they will have reached 100 percent of their residential customers that will have participated in some form or fashion in their programs.

Q. Because they bought a light bulb at Home Depot that was subsidized --

A. (Mosenthal) Partly because they bought a lightbulb. And hopefully, as many as can, did comprehensive weatherization and other improvements. But those are a lot more expensive and, you know, you can only do so much with the current budgets.

Q. Okay. Can you look at Attachment M, Exhibit 2, Page 707?

A. (Mosenthal) Yes.

Q. And I'm looking at the residential long-term average change in bills.

A. (Mosenthal) Yup.

Q. For non-participants there's a slight increase in cost.

A. (Mosenthal) Yes, that's what that graph shows.

Q. And there's a slight increase for the average customer and low-savings participants?

A. (Mosenthal) That is true, that the graph shows that. And what I point out in my rebuttal testimony is that this is really only looking at the cost compared only to electric consumption. And I think 75 percent of the benefits to residential customers are coming from unregulated fuel savings in the electric programs. So, in fact, the average customer and low-savings participant customer will see bill decreases in terms of their total cost of energy services. It's just going to look like less of a slight increase on the electric side if you don't count those savings.

Q. Is there a way to measure those savings?

A. (Mosenthal) Yes. They are estimated in the Plan and in the BC models. And I actually did the analysis to see how large they are, and they're about $150 million in benefits -- or in, you know, retail savings based on the average price, according to the State of New Hampshire, for oil and propane, which compares to about $90 million in electric bill savings.  So that's why it's actually quite a bit better than this graph shows.

Q.   And that's because some energy efficiency programs make homes tighter so customers use less fuel?

A.   (Mosenthal) That's correct.  You know, when a customer has gas service, then the gas utility is picking up their share of the program costs, which are, you know, quite a bit because the heating costs are kind of the dominant costs for many homeowners in New Hampshire.  But if the customer has oil or propane, or, for that matter, wood or kerosene or another unregulated fuel, then the electric company is paying the entire cost of those measures, even though they really don't save very much electricity. They save a little bit on air conditioning and maybe a motor to, you know, pump their hot water or something like that.

Q.   And I wanted to ask Ms. Peters a question.

But I'll ask you, and then maybe she can jump in on this one.

But I thought I understood that the heat pump program only applies to electric resistance heat replacement. Is that correct? And why wouldn't it apply if you heat with gas?

A. (Mosenthal) Well, I guess there's sort of two ways that the utilities are promoting heat pumps. One is through their regular CORE New Hampshire Saves programs, where they have now and will continue to have rebates to encourage people that are buying a heat pump to buy an efficient one. So the rebate offsets, you know, a substantial percentage of the incremental costs of buying a more efficient heat pump. That is generally not enough money to convince somebody to, you know, rip out their oil boiler, for example, and install a heat pump, because it's a very small percent of the entire cost.

The EO Pilot, on the other hand, is testing replacements of oil and gas on propane boilers and furnaces with heat pumps.

So that's a much smaller scale effort where they would pay a much higher rebate. But to the extent a customer using a fossil fuel is choosing to buy a heat pump, perhaps because they want to add cooling to their home or perhaps they just, you know, want to reduce their carbon footprint, for example, they would be eligible for those incremental-based rebates.

Q. Okay. Ms. Peters, did you want to add anything to that?

A. (Peters) Yeah, I would agree with that explanation. When I was speaking the other day about the increased heat pumps that are noted in the Settlement Agreement, the 1200 electric resistance to heat pumps, that's kind of a subset. So there's a lot of electric savings, obviously, when you're replacing electric resistance heat with heat pumps. But as Mr. Mosenthal noted, there are opportunities for customers who have other types of heat, who are planning to buy a heat pump, to buy an efficient heat pump so that they use less energy when they do it. And then there's an additional pilot that's focused more on replacement of those fossil fuels with the heat pumps -- (connectivity issue)

[Court Reporter interrupts.]

A. (Peters) I think I said so there are a couple categories there.

A. (Mosenthal) And I just wanted to add that the Settlement Agreement adds some additional focus on specifically targeting customers with electric resistance heat to install heat pumps. The original September 1st Plan already had a little bit of that, but not very much. And, you know, I think some parties at least felt that was important because electric resistance heat is far more expensive than either fossil fuels or heat pumps to heat your home, and it is disproportionately found in low-income homes. So the idea is to test out trying to pay a much more aggressive rebate similar to the EO Pilot levels to target those homes and give them some relief.

Q. And if we look at the chart at the bottom of

Page 707, Exhibit 2, for the low-income customers, is your answer the same, that those low-income customers will actually experience additional benefits from the non-regulated fuel source --

A. (Mosenthal) Yes, that is correct.

Q. So you believe that overall, both residential customers and low-income customers will ultimately pay less than they would have under this Plan.

A. (Mosenthal) Collectively, yes. You know, there will be some non-participants who pay a little bit more. You know, it looks like less than 1 percent more. But they will pay a little bit more. But collectively, the revenue requirements are going down and the residential customers will save.

Q. Did you consider the impact on customers from the pandemic and the short-term bill increase?

A. (Mosenthal) I didn't do any analysis around the pandemic specifically. However, I did state, and I continue to believe that, if anything, the response to the pandemic should be to provide very aggressive efficiency programs. Lots of customers are struggling to pay their electric and gas bills right now, particularly low-income customers. As you can see, the non-participant rate impacts or bill impacts for any sector are less than 1 percent increase. But it provides the opportunity to dramatically reduce your costs at a time when they most need it. And in fact, I think a lot of utilities have seen an uptick in residential participation, especially with major measures, since COVID began.

Q. Do customers have to spend money to get these programs?

A. (Mosenthal) Generally, yes. The low-income, is -- they cover 100 percent of the cost. For other customers, there's typically a co-pay. So they do have to contribute some money. That is correct.

And I'd also just like to add, related to COVID, that there's been numerous studies around the country looking at overall economic impacts from energy efficiency programs, utility programs, and they're quite large. They create a lot of jobs. I took a very recent study for Commonwealth Edison in Illinois and scaled the results to the New Hampshire budgets based on, you know, the difference between Illinois and New Hampshire, and it's expected to provide 17,500 job years of additional jobs. I'm not recalling all the exact numbers, but well over a billion dollars in additional economic activity in the state that basically would increase the state's GDP. And they help reduce market clearing prices on electricity as well, and gas.

Q. Is that $1 billion number over the whole 15 years?

A. (Mosenthal) I think that was for the life of the measures, but based on a three-year budget; so in other words, just this three years of program, not assuming future programs.

Q. I had this question written down and I'm going to ask it. I think we've kind of covered it. But did you do any kind of calculation on how much you would expect a participating customer to save during the Plan on a kilowatt-hour basis?

A. (Mosenthal) A participating customer? No, other than the calculation of how much would it take a customer to offset their rate impact. I did analyze that. And the full rate case, I believe this was comparing to Eversource 2023 Residential SBC compared to the current SBC, buying three LED light bulbs would have been enough to offset that bill impact for those customers.

Q. And is that -- and are those customers that buy the light bulbs, are they considered participating or non-participating?

A. (Mosenthal) Yeah, that's a good question. And I guess it depends on your metric. The exhibit that Mr. Dexter was pointing us to that had some participant numbers, I noticed it did have, for the utilities combined, electric utilities, listed around 650-, 700,000 participants. Now, they don't necessarily track account numbers, so they don't know exactly who's participating. And that may well be just simply the number of light bulbs sold. But they are -- you know, they are tracking that. And it sounds like Kate has a little more answer to that.

Q. Ms. Peters.

A. (Peters) Yes, I just want to clarify. When it comes to the lighting programs, we kind of make an assumption that a participant would be someone who purchased four light bulbs. So when we're looking at those participant numbers, we're assuming a single customer may purchase four light bulbs, rather than counting each light bulb individually as a participant.

Q. How do you know if I purchased two light bulbs or four light bulbs? Or is it just an assumption in the model?

A. (Peters) For those, when we're talking about those midstream programs, we don't know that you specifically as a customer purchased those bulbs. That's where the evaluations come in, in terms of making sure that we're counting the savings accurately.

For the larger things, like appliances

or heating systems, we are tracking specifically the individual customers that purchased those things and are getting rebate dollars for them.

Q. So you know how many light bulbs are purchased, and you divide that by four and assume that's the number of customers?

A. (Peters) Yes.

Q. Mr. Mosenthal, based on your experience in other states, do you believe that the budget can be spent in 2021, given the amount of rollover from 2020?

A. (Mosenthal) Yes. You know, I haven't done a whole lot of research on impacts from COVID. But I do know a bunch of utilities have seen upticks in residential interest in participation and spending. I believe that may be true of Eversource in New Hampshire as well. I know that Commonwealth Edison, for example, a large utility in Illinois, expects to expend their full budget this year. I think that commercial and industrial has gone down somewhat because lots of those facilities are simply shut down. Hopefully they'll be able to open up.

And one thing that is really critical if you're going to open up is to upgrade your ventilation systems. And there's lots of efficiency opportunities for doing that. In fact, I believe Massachusetts -- or no. It's Vermont, actually, has a program right now where they directed some of the stimulus funds to schools to do energy efficiency projects. This was during the summer, before opening up, you know, and retrofitting their ventilation systems.

Q. Were you involved in the stakeholder process that determined the 5 percent and 3 percent targets?

A. (Mosenthal) Yes, I was.

Q. Is there any target number that would be too high as long as the programs were all cost-effective?

A. (Mosenthal) Well, I mean, there's certainly estimates of how high they could realistically be and succeed. You know, there is a potential study that estimates maximum achievable cost-effective efficiency.

So it's certainly not unlimited. My belief is that because, by definition, if they're cost-effective, they are the cheapest energy resource and will save all ratepayers money in the long run, that it's worth pursuing all cost-effective achievable efficiency. And there are ways to mitigate the rate impacts by aligning the costs with the participant benefits, just as is done on the supply side with capital investments by amortizing it.

So that's what I would suggest is don't forego the savings. Just make sure you're doing it in a way that doesn't have too burdensome an impact on anybody.

Q. And did the Settling Parties -- I don't know if you can answer this, but I'm going to ask it.

Did the Settling Parties discuss the idea of amortizing the cost over a longer period?

A. (Mosenthal) Yes, they did.

Q. And that's not included in the agreement.

A. (Mosenthal) That is not included in the agreement. OCA felt that this was a good idea. Staff was opposed to it. And the utilities were not comfortable with it, I believe, because of concerns that it could impact their credit rating and their cost of debt on, you know, other debt that they have or bonds they float. I do know there are models out there that do amortization that utilities have supported, such as in Missouri, and there they do not earn full rate of return. They simply are made whole by recovering their short-term costs of interest, which are quite low, so that over the long run you do -- customers would pay a little bit of interest, but, you know, much less than customers pay, for example, if they get a mortgage, because utilities are a good risk because it's a regulatory asset.

Q. Does anybody from the utilities want --

COMMISSIONER BAILEY: Mr. Dexter has his hand up, Madam Chair.

CHAIRWOMAN MARTIN: Mr. Dexter.

MR. DEXTER: If I might, the question that Commissioner Bailey asked went to the Settling Parties. Did the Settling

Parties discuss --

A. (Mosenthal) Oh --

MR. DEXTER: No, excuse me, Mr. Mosenthal. And the answer that was given might have left the impression that Mr. Mosenthal was talking about things that happened during the settlement talks, in which case I would have objected on the obvious grounds that settlement talks are confidential. I wanted to point out to the Bench that the information that Mr. Mosenthal just gave took place in the EERS Committee meeting. Whether it took place in settlement talks is a different issue. But I wanted to make that clear for the record, that the information he related took place in an open EERS Committee meeting.

A. (Mosenthal) Yes. Thank you. Thank you for making that clarification. I did not realize it was the case that you were referring to the Settlement. I thought we were referring to the EERS Committee.

CHAIRWOMAN MARTIN: Commissioner Bailey.

BY COMMISSIONER BAILEY:

Q. Well, I thank Mr. Dexter for help on that because I wasn't really sure. And I just wanted to know if you'd talked about it sometime during the process.

So now I'd like to hear from the Utilities about why you don't think it's a good idea or to confirm it's not a good idea to amortize the cost and why, if that happened during the EERS process.

A. (Peters) I can give a brief answer. I would like to reinforce that we have a Settlement that the OCA has signed on to that does not include amortization in the Settlement. So there has been a resolution between the Settling Parties on this issue. But I'm happy to address some of that discussion that happened in the EERS Committee.

The Utilities feel strongly that adding interest to the costs of the programs results in longer-term higher costs for customers. That's what happens when you add interest to the cost of something. And it also presents concerns for us about carrying that debt and the impact that might happen to credit ratings, which also, if they're attached to credit ratings, would increase costs to customers for all different types of -- (connectivity issue)

[Court Reporter interrupts.]

A. (Peters) -- for all different types of projects that the utility might undertake.

MR. EPLER: Commissioner Bailey, may I state at least a partial clarification to your question?

COMMISSIONER BAILEY: Sure.

MR. EPLER: We may not -- you just addressed that question to the other utilities, including Unitil and Northern Utilities, and we did not have the correct witness to give a fuller response to that question, with all due respect to Mary Downes. And we would ask that when the rates panel is on, that an opportunity is given to respond to that question. Thank you.

COMMISSIONER BAILEY: That would be great, Mr. Epler. Could you ask that in direct?

CHAIRWOMAN MARTIN: Commissioner can, Bailey I ask a follow-up?

COMMISSIONER BAILEY: Absolutely.

BY CHAIRWOMAN MARTIN:

Q. I just want to make sure I'm clear on -- I understand we're talking about the stakeholder group and the discussion of amortization, and I heard testimony about Staff, the Utilities, the OCA. But we know that there were 13 to 18 participants. Was that discussed with all participants, and was the consensus of the stakeholder group not to include amortization?

A. (Peters) So we spoke earlier about the EESE Board meeting where the stakeholder group -- I'm sorry -- the EERS Committee meeting where the stakeholder, where that body voted regarding kind of a proposed set of ways that the Utilities would approach the September 1 filing. And amortizing the costs was not part of that proposed approach from the Utilities, and it is not part of what the EERS Committee voted unanimously to have the Utilities move forward with in terms of our

September 1 Plan. I think for the reasons that I just indicated, there are significant concerns with that as an approach to funding the programs.

A. (Mosenthal) And I would just add that it's my recollection that the only parties that expressed clear opposition were Staff and the Utilities. I believe most, or perhaps all of the other parties were interested in it. But I don't think we ever took a full formal vote on it, that I recall.

CHAIRWOMAN MARTIN: Thank you, Commissioner Bailey, for letting me interject.

COMMISSIONER BAILEY: Anytime.

BY COMMISSIONER BAILEY:

Q. Ms. Peters, do the utilities earn a rate of return on these investments?

A. (Peters) For the energy efficiency programs, we earn the performance incentive, which is the 5-1/2 percent planned incentive that Mr. Dexter was asking me about yesterday.

Q. But none of these investments go in rate base and get a rate of return?

A. (Peters) No, they don't.
Q. Thank you.
I think, Mr. Mosenthal, that's all I have for you, but we might come back. Thank you very much.
Ms. Peters, or any of the utilities who participated -- well, actually, Mr. Mosenthal might have an answer to this question, too. But I appreciated the questions that the attorney from Conservation Law Foundation asked you about how the 5 percent and 3 percent targets were arrived at. But what I didn't hear you say is anything about why 3 and 5 percent were the numbers. Is it just kind of like everybody sat around and talked and thought, oh, 5 percent was good, 3 percent was good for gas? Why?
A. (Peters) Sure. Maybe there's a little bit of that in there as we were coming to consensus, as there is on any consensus approach. But the additional piece of information, you know, the Utilities had supplied some draft plans to the Committee. So the Committee got a good look at what the programs and the

budgets and the achievements would be for some initial scenarios, which helped to inform them as to, you know, what desires they might have for more or less to happen.

And we also had, as Mr. Mosenthal noted, a potential study that was conducted this year for New Hampshire, where a vendor was essentially researching for us what is the potential for cost-effective efficiency in New Hampshire. And that study presented several scenarios, in terms of high, medium and low potential and costs. And if I'm remembering correctly, the medium potential was somewhere around 6.3 percent of the target that we are discussing. And given the budgets that we were looking at for some of the prior proposals the Utilities had put forth to the Committee, it seemed like that might be more than the group wanted to do. And so through discussion and analysis of those information sources, we arrived at the 5 percent and 3 percent, which, of course, now through the Settlement have been adjusted again to the 4-1/2 percent and the

2.8 percent.

Q. And what was the original proposal that you made in July that the Committee started to look at?

A. (Peters) Yeah, that July draft I believe had us at about 4.2 percent of 2019 sales.

Q. Can you or somebody explain to me, the target is 4.5 percent of 2019 sales for electric, and the target from the last triennium was 3.1 percent of 2014 sales. So by increasing the target on 2019 sales, does anybody know what that does to the savings from 2014 sales? Is it cumulative, or has anybody thought about that?

A. (Peters) So it's a separate calculation. I believe the 2019 kind of baseline is similar to but perhaps slightly lower, actually, than the 2014 baseline. So 4-1/2 percent of 2019 sales may be akin to something less than 4-1/2 percent of 2014 sales, but not by a wide margin. I do not have the exact numbers in front of me. And I'm not totally sure that I'm answering the question that you asked.

A. (Stanley) Commissioner Bailey, I --
Q. Mr. Stanley.
A. (Stanley) Yes, thank you, Commissioner Bailey. I would offer that I have my fingers on some metrics to speak to that a bit.
If you were to apply the 2018 through 2020 planned electric savings targets to the now-proposed 2019 utility sales benchmark, that would adjust the 2018 through 2020 percent sales reduction, that 3.2 percent. So it actually would increase by that difference, I believe the original 3.12, our approximate goal for the current term.
On the natural gas side, it does the opposite. So the natural gas sales have increased significantly, or notably, at least from the previous 2014 utility sales benchmark there. So the revised current term, 2018 through 2020, goal for the gas utilities would be 2.1 percent versus the proposed 2.8 percent goal for this new Plan. So I'm not sure if that's helpful.
Q. No, that was helpful. I'm trying to make

sure I understand it. So what you're saying is if we were proposing an equivalent plan today to the last triennial plan, you would set the target for natural gas at 2.1 percent savings?

A. (Stanley) The proper benchmark comparison, yes, would be the 2.1 percent for the current term plan, 2018 through 2020, as compared to this new plan proposed, which is 2.8 percent.

Q. So the difference between 2.1 and 2.8 percent doesn't seem very large. Can you talk a little bit about is it just that much harder to get energy efficiency savings from gas customers?

A. (Stanley) There's a couple factors, at least. The first is that we are applying as part of this new plan different evaluation factors and assumptions that are arguably more conservative than what we are currently applying, specifically realization rates for commercial and industrial projects, which are much lower than would be -- or what we're again currently applying. And that drops the savings notably. So the comparison, in terms of the savings benchmark, it doesn't take into account kind of reconciling the current plan in terms of what those savings would represent if you applied, for example, those lower realization rates.

And also, as I believe I previously mentioned, the potential for savings within the natural gas portfolio is lower than it is within the electric portfolio simply due to there's less functional natural gas-consuming measures that you can actually capture savings from.  So that's where it's a bit of an apples-and-oranges comparison to compare the sales reduction targets for electric utilities versus natural gas utilities.  And that's certainly not unique to New Hampshire. That's consistent when looking across North American electric or natural gas.

A. (Downes) The other significant change from last term, especially for natural gas, but also electric, is that the baselines that we're using for the existing equipment or the alternative equipment are higher now because of improvements in technology and federal

standards and a number of other things. So
the delta between what we're putting in for
high efficiency and what would have been put
in otherwise is smaller. So it is getting
more difficult to find that savings. And
that's more so I think on gas because of
heating equipment efficiencies than on
electric, though lighting is a big issue on
the electric side.
Q. Can you talk a little bit more about the
baseline?
A. (Downes) Sure. Sorry. Having difficulty
with my mute button.
The baseline, in order to get a savings
calculation, you need to know what you're
comparing to. So you have a high-efficiency
piece of equipment, and then you compare that
to what we call a "counterfactual." And that
baseline for existing equipment is what
you're replacing. What's already in place,
you're taking out and you're putting in the
new equipment. For lost opportunity, or new
equipment, you're comparing the
high-efficiency equipment to what the

customer would go purchase otherwise, what the less efficient but still new HVAC system would be. And with federal standards increasing on heating equipment in particular, so we go from 85 percent efficiency to say 90 percent efficiency, the difference between the equipment we're incenting and the equipment that the customer would buy without our incentive, there's less savings there.

Q. Thank you.

Okay. Can somebody explain to me what you mean when you say that there will be a $1.3 billion savings for participants and $619 million in benefits? Can somebody explain to me what the difference between these two things is?

A. (Peters) Sure. So that $1.3 billion in customer energy cost savings is a comparison of the kilowatt hour and MMBtus that are saved by the Plan and comparing that to what the customers would have to pay if they were actually using that energy. So all of these measures actually reduce customer energy use.

And if the measures were not implemented, the customers would have to purchase that energy at retail costs. And so it's a look at what would the retail cost of the energy saved by the Plan be? And for customers, that kind of represents the money that's back in their pockets that they don't have to spend on energy now because of these measures that have been implemented.

The benefits in the Plan that are used in the benefit-cost model are based on avoided energy supply costs, which are different from the retail costs that the customers pay. And so the calculation of benefits to costs is lower and slightly different. And I might turn to Ms. Downes for any additional explanation of that piece of it.

A. (Downes) I'd like to say you did a fine job, Ms. Peters. But if the Commissioner has additional questions, I can attempt to answer.

Q. Yeah, if you could just -- I completely understood the explanation of the

$1.3 billion in savings. I'm not sure I understand the $619 million in benefits. Those are benefits from avoided energy supply costs? That seems to be the same thing as energy savings.

A. (Downes) So the avoided energy supply cost component study, which is done every three years for the region, is looking at the marginal cost of avoided energy. And I may also draw upon Mr. Mosenthal, if I don't answer this satisfactorily. But that is really a system cost based on how much it costs to buy the next electron of energy or the next therm of natural gas. And that's not the cost to the customer or the benefit to the customer of saving that same -- you know, of avoiding that same kilowatt hour or therm at their home because they're paying a retail price rather than the system cost of the next marginal, you know, electron.

A. (Hill) And Commissioner Bailey, if I --

A. (Mosenthal) Yeah, I was just going to say that I agree with everything Mary and Kate said. And, you know, I think the distinction is, one, is the consumer costs. You know, they're saving retail electric rates. As you know, electric utilities have lots of debt on their books and fixed costs from, you know, capital investments over the years. So the retail rate tends to be quite a bit higher than the marginal cost to all of society at large. Think of it as sort of the wholesale cost of electricity.

A. (Hill) And I would also point out, Commissioner Bailey, that, you know, the consumer bill -- consumer savings on their bills, some of that will be offset by investments that the consumers are making, their share of the more efficient equipment. So they can still have a $1.3 billion reduction in their bills, but they're perhaps paying more for some efficient equipment as part of participating in the program.

A. (Mosenthal) And I'd like to add that those bill savings to the customers are really the main driver of the indirect economic benefits. And I did look at my rebuttal testimony, and the estimated increased economic activity in New Hampshire that would be generated is $3.5 billion. So a lot of that is coming from the fact that if you put another $100 of bill savings in a customer's pocket, they're going to spend that money somewhere and drive additional economic activity in the state.

A. (Downes) And one more point on that is that the money is spent locally. So most -- I guess all efficiency money, in terms of the installers, I guess the equipment is coming from out of state to some extent, but all of labor is by nature local.

A. (Mosenthal) Unlike a lot of the energy costs which go out of state.

A. (Downes) Right. Thank you. I meant to imply that. But absolutely.

Q. Okay. Can somebody help me out on the ACEEE report card? I forgot who was talking about that. But can you tell me what the maximum number they can achieve for energy efficiency programs is?

A. (Mosenthal) I believe for the utility programs it is seven points. I was actually just looking because the 2020 ACEEE score card just came out today, so I was looking at a table this morning. So they look at a number of things; one of them is the utility programs. They also consider transportation policy and codes and standards and other things.

Q. And what did New Hampshire score for the utility programs this year?

A. (Mosenthal) Let me see if I can...

A. (Downes) We remained at 10 out of 20, I believe.

A. (Mosenthal) My memory in the 2020, the new one, is that -- I'm not sure what the actual score was. But in terms of ranking, New Hampshire placed 13th, but behind at least most of New England, if not all of the rest of New England.

You know, you asked about, you know, what was the magic behind the 5 percent on electric savings. You know, that reflects a substantial ramp-up in terms of, you know, where New Hampshire has been. It's still only about -- you know, in the third year they would get up to about 2 percent of load in savings, which is about two thirds of what Massachusetts and Rhode Island have been doing historically for a while. It's coming down a little now with some of the residential lighting going away.

Q. Ms. Downes, you said New Hampshire scored 10 out of 20. Is that the total score or just the utility part?

A. (Downes) Just the utility part. And I haven't read the whole report yet. As it was stated, it just came out this morning. So I want to caution that these are -- this is based on looking at a front page kind of headline.

A. (Woods) So the total -- so New Hampshire scored 10 points out of 20 available points for energy efficiency, for utility and public benefit programs and policies.

COMMISSIONER BAILEY: Mr. Dexter.

MR. DEXTER: When I was questioning about the ACEEE report, I was questioning based on what was in the record which was in the Plan. I think all the answers we've gotten today, I may be wrong, but all the answers we've gotten today are about a plan that was described as having been released today or yesterday, which is not in the record. I just want to point that out. It's up to Commissioner Bailey, you know, which ones you're asking -- I just want to make it clear what we're talking about here. Are we talking about the Plan that's in the record -- the score card that's in the record, or the one that's not in the record?

COMMISSIONER BAILEY: Well, it kind of sounds like it didn't change. But we can confirm that the numbers are the same for the Plan that's in the record.

BY COMMISSIONER BAILEY:

Q. Can somebody confirm that, that the ACEEE score that is in the record was, I think, 13 for -- we were ranked 13th for the utility piece of it only and somewhere in the 20s for overall with all the other programs? Is that right?

A. (Mosenthal) It was my recollection that we, you know, subject to check -- and I think it is an exhibit, but I don't have that up right now -- that New Hampshire ranked 14th, and they moved up one point since last year for the utility programs and 20th for the other.

Q. Mr. Stanley.

A. (Stanley) Yes. Thanks, Commissioner Bailey.

Yes. Just to confirm, in 2019, State of New Hampshire was tied for 14th place within the energy efficiency category, or as explicitly defined, the "Utility and Public Benefits Program and Policy Section." Our overall state ranking was 20th. And this year, in 2020, we are now ranked 13th alone, and our overall state ranking is 18th. So we moved up in both the overall state ranking and within the energy efficiency categories.

Q. Great. Thank you.

Mr. Mosenthal, can you confirm for me that your -- when I asked you originally the question, what the total number of points a utility we can get, you said it was 7, and I think Ms. Downes said it's 20. Can you clarify that point?

A. (Mosenthal) Ms. Downes is correct. I was remembering the first column in the table as electric program savings only. But there's a number of categories around utility programs. And it is 20 points total. And New Hampshire scored 10 out of the 20. And it looks like they are behind every New England state, except for Maine, which scored 9 out of 20.

Q. Okay. Thank you.

I'd like to talk a little bit about the idea that this is a total three-year plan and that money not -- that money collected this year and not spent -- or sorry -- in 2021 and not spent can just be automatically rolled over to 2022 and then 2023. So my question is --

CHAIRWOMAN MARTIN: Commissioner Bailey, I'm sorry to interject. I just wanted to check with Ms. Robidas really quickly.

We've been going about 2 hours and 15 minutes. Ms. Robidas, are you doing okay? Should we take a break soon?

[Brief off-the-record response by the Court Reporter.]

MR. EPLER: This is Gary Epler. I just wanted to note for the record that Attorney Patrick Taylor has joined and hereon in will be, if it's acceptable to the Commission, representing Unitil and Northern Utilities.

CHAIRWOMAN MARTIN: Okay. Thank you, Mr. Epler.

COMMISSIONER BAILEY: Will you coordinate with Mr. Taylor about the questions that you wanted answered by the rates panel?

MR. EPLER: Yes. There's actually been a little discussion among the attorneys on the side here. And I think it may be preferable to respond through a record request because the rates -- we don't have a finance, specifically a finance person. And we would prefer to have that directly asked and have the opportunity for a record request. And I don't know if Eversource wants or Liberty wants to add anything to that.

COMMISSIONER BAILEY: Can anybody

formulate the exact record request?

MR. SHEEHAN: We can certainly draft a record request among the attorneys and ask you if that's indeed what you're asking, make sure we're all on the same page. And we do want to make sure that the qualified person answers the question.

COMMISSIONER BAILEY: Okay. That's okay with me, Chairwoman Martin, if that's okay with you.

CHAIRWOMAN MARTIN: Yes, I think that makes a lot of sense.

COMMISSIONER BAILEY: Okay. Thank you.

(RECORD REQUEST MADE: Why the NH Utilities do not support amortization as a mechanism for program.)

BY COMMISSIONER BAILEY:

Q. All right. So back to the -- did somebody start to say something?

Okay. So back to the money that gets collected in 2021 and not spent, and then it rolls into 2022. Does that money accrue interest or carrying charges on behalf of customers if it's not spent in the year that it's collected?

A. (Downes) I believe that is the practice in the past. So it wasn't anticipated to change.

Q. Mr. Stanley, do you have something to add?

A. (Stanley) Just to confirm what Ms. Downes said, that any balances do carry interest charges with them, and any negative balances as well.

Q. So if you overspend your budget and you have to pay yourself back next year, that is recorded as a debt?

A. (Stanley) Yes. My understanding.

Q. Okay. What happens --

A. (Mosenthal) Typical practice, and I believe New Hampshire does this as well, is to, you know, apply a short-term sort of interest rate, plus or minus, you know, well, you know, benefiting either the ratepayers or the utility, based on monthly differentials. Because, you know, typically programs may not spend as much early in the year as they're building their pipeline and doing marketing, but the ratepayers are still paying into the fund, and then the utility may catch up and spend that money later in the year. Typically the accounting is done monthly, and the ratepayers are made whole in terms of any carrying costs either way.

Q. And do you know that that's how they do -- how the New Hampshire Utilities do it, or is that just a typical understanding of how generally it's done in the industry?

A. (Mosenthal) It's a typical understanding of how it's generally done. And it's my belief that New Hampshire does, but I really don't know for sure. So I would ask the Utilities to confirm that if they can.

Q. Thank you. That was going to be my next question.

So can each of the Utilities confirm that for me?

A. (Peters) I would need to defer that to Ms. Menard, who's on our rates panel and probably has that answer pretty easily. But I do not personally.

A. (Downes) I believe that is the case. But again, subject to confirmation from the rates panel.

This is also just to remind you, Commissioner, the PUC audits each of the utilities on an annual basis and reviews those calculations and confirms them. And they're not proposing any change to that, to the way that we're reconciling or collecting or charging interest.

Q. Okay. Thank you. That's helpful.

Ms. Woods or Mr. Stanley, do you have anything to add?

A. (Stanley) No, other than that a definitive answer could be provided by Ms. Tebbetts as part of the rates panel.

A. (Woods) I also don't have anything to add at this moment.

Q. Okay. Thank you.

What happens to the performance incentive if you under-spend in year one, for example?

A. (Peters) So the proposal is to calculate essentially an illustrative performance incentive for each individual year when we do our annual filings. But the actual performance incentive for the term would be trued up at the end of the three years. So it's conceivable that you could under-spend or under-achieve in one year but then make that up. And really, the ultimate kind of analysis as to what you've achieved and what you've spent to achieve it happens at the end of the term, as to whether you've achieved your term goals.

A. (Downes) Yeah, I would just clarify that that's my understanding and that's our intent. We would not have a cumulative addition of each year's achievement. It would be looking at all 36 months of achievement. So we would do that reconciliation at the end of the term rather than adding each year's achievement, if that makes sense.

Q. So do you get a performance incentive every year whether you meet that yearly target or not, and then it all gets reconciled at the end?

A. (Downes) We would book it according to the performance, you know, the 100 percent of performance, and then we would reconcile it at the end.

CHAIRWOMAN MARTIN: Commissioner, can I ask a question?

COMMISSIONER BAILEY: Yes, please.

BY CHAIRWOMAN MARTIN:

Q. I just want to make sure I'm understanding. We're talking about spending. I think Commissioner Bailey's question was about if you under-spend. And the explanation was that it would be for over the three years. What about the thresholds? Are they annual, or is that over three years?

A. (Downes) It's over the three years deliberately so that an under-performance in one year could be offset by an over-performance in the subsequent years, or vice versa.

And just to provide some example, this is how it's set up in Massachusetts. And for the smaller utilities in particular, that is very helpful and beneficial to program performance, because with the smaller territory, you tend to have ups and downs or a big project that can really have a big difference. And if you were only looking at a year at a time, it would be -- it would not be indicative of the performance over the term.

So the three years is really an ideal, and I think probably considered a best practice among states with robust and mature energy efficiency programs, to be looking at a longer term than one year, partly for that reason, so that, you know, a change or a big project doesn't skew the results of any given year.

Q. But if you meet the 65 percent threshold in the first year, do you get the PI in the first year?

A. (Downes) No, you would wait until the end of the term to -- we would provide an illustrative report annually so you could see our performance. But the actual PI would be earned and calculated over the course of the three years and at the end of the term.

BY COMMISSIONER BAILEY:

Q. So you don't get performance incentive revenue in the first -- at the end of the first year and at the end of the second year; it only happens at the end of the third year?

A. (Downes) I want to be careful about -- this is not my area of expertise, so I'm not sure exactly about booking versus getting. So I want to be careful. The actual reconciliation of the performance incentive would be at the end of the term. But the details on how it's booked, I want to leave that to my rates person.

Q. Ms. Peters, do you know?

CHAIRWOMAN MARTIN: That's what I was going to ask, if we could hear from anyone else, if they know.

A. (Peters) Yeah, I would agree with Mary, that I would want to double-check this because I'm also not the financial person. But my understanding is that each year we will look at our achievement for that year and do a calculation of what the performance incentive would be for that year, which will flow into our estimate of whether we over- or under-collected for that year and whether there needs to be any true-up of the SBC. But the final performance incentive calculation will be done at the end. So if we, for instance, over-collected in one year for the performance incentive, that would get reconciled at the end. Or if we under-earned in one year, that would get reconciled at the end. And the mechanics of the finance piece I am not 100 percent on.

Q. So you're collecting the revenue assuming you're going to meet the performance incentives in the SBC every month; is that right?

A. (Peters) If the rates are set. The rate calculations have incorporated into them the target performance, which is 5-1/2 percent. And we may actually earn less than that at the end of the term or we may actually earn more than that at the end of the term. But the rates that we've calculated are using the assumption of 5-1/2 percent.

A. (Stanley) I would just add that, consistent with past practice for Liberty, we book and record an estimated performance incentive target on a monthly basis and then reconcile that after the completion of our official, which is now a 12-month term. And as described by Ms. Downes and Ms. Peters, we would do that also over this 36-month term.

So in year one, for example, if we were to achieve 70 percent of our respective targets, we would book the performance incentive calculation for year one computes out to 70 percent. We would record and book that 70 percent estimate for year one, but it would be as described, again, earlier by Ms. Peters and Ms. Downes. We would reconcile the resulting cumulative effect of that result at the end of the three-year term. So there would be an ongoing booking, but it would be subject to change based on our overall performance results.

Q. How would you book it if you didn't achieve the standard?

A. (Stanley) We would not be able to book. We would have to book zero.

Q. Okay. Does anybody, off the top of their head, remember the exhibit we were looking at the last hearing that showed the performance incentive? I think it was in response to maybe one of Mr. Dexter's questions about the difference between 65 percent and 75 percent thresholds. Anybody remember that exhibit?

A. (Peters) Sure. It was Exhibit E3. So that was Eversource's performance incentive calculation. I can find the pages.

Q. Exhibit E3?

A. (Peters) Oh, I'm sorry. It's Exhibit 2. I apologize.

Q. Okay.

A. (Peters) Exhibit 2, and it's Attachment E3, which is Eversource's attachment that looks at the rates calculations and performance incentives. Hold on a moment. I'm looking for Bates pages for you.

(Witness reviews document.)

A. (Peters) So I'm going to correct myself again. I apologize. It's Attachment E1. And the performance incentive calculation of the first one -- there's one for each year and then one for all three years combined.

But the first one is on Bates 375 of Exhibit 2.

MR. DEXTER: Commissioner, I think you asked for the page reference where we had the 65 percent and the 75 percent laid out, that chart we were looking at? Is that what you're looking for?

COMMISSIONER BAILEY: Yes.

MR. DEXTER: That, I believe, looking at my notes from yesterday, I think is Exhibit 1, Page 216. I haven't actually pulled that up yet. But I think if we go there --

COMMISSIONER BAILEY: Did you say Exhibit 1?

MR. DEXTER: Exhibit 1, Bates Page 216. And that has all the various elements in it, you know, which ones are 65 percent and which ones were proposed at 75 percent.

COMMISSIONER BAILEY: Thank you, Mr. Dexter. That's the one I was looking for. I don't know if I have a follow-up question on that or not. Just give me a sec.

MR. DEXTER: Sure. My pleasure.
BY COMMISSIONER BAILEY:
Q. So this is the performance incentive component for every company; correct?
A. (Peters) Yes, it is --
A. (Downes) Except gas does not have the active demand component for obvious reasons.
A. (Stanley) Or for --
[Court Reporter interrupts.]
A. (Stanley) Or for passive demand savings metrics.
Q. Okay. So lifetime kilowatt-hour savings, 35 percent of your performance incentive is based on that. And you have to get at least 65 percent, according to this proposal, of your planned lifetime kilowatt-hour savings to qualify for this piece of performance incentive; is that right?
A. (Downes) Yes, over the term.
Q. Over the term. But Mr. Stanley, the way that Liberty would book it is it if -- do they have a plan for every month of what they're trying to achieve that ultimately over the 36 months will get you to your actual planned

saved?

A. (Stanley) Yes. So, for example, if you were to look at, from Exhibit 2, Bates Page -- and this is for Eversource -- Bates Page 384, it shows their term PI goals and targets. There are earlier pages, such as Bates Page 381, which shows the specific planned or estimated targets just for that particular calendar year. So each of our companies have yearly targets that have been modeled. So we would do an annual calculation based on the results of just that calendar year. As mentioned earlier, this would all be reconciled after each subsequent year and at the end of the completion of calendar year 2023.

Q. So on Exhibit 2, Bates Page 381, this is Eversource's target for 2023. Is that right, Ms. Peters?

A. (Peters) Yes, it is.

Q. And if you achieve it as planned, you get $5.26 million for 2023?

A. (Peters) Yes.

Q. And there's similar amounts for each of the other years?

A. (Peters) Yes, that's right.
Q. And that's how much you're collecting in the SBC rate per year. And at the end of the three-year term, if you don't achieve those goals, what happens to the money you've collected?
A. (Peters) If we had over-collected, we would reconcile that within I believe the next SBC rate. If we had under-collected it, we would also have to reconcile it.
Q. And if you achieve the 125 percent goal, is that amount collected in the SBC rate, or would you have to collect more to receive that money?
A. (Peters) We may have to collect more. You have to do a final reconciliation that takes into account the actual sales as well. So all of these rates are based on, you know, estimated sales for each year. So, you know, the final estimate of how your sales compare to what you've earned comes out, you have to look at both of those elements. And if there's an over-collection, you have to, you know, lower the rate in a future year to make

up for that. And if there's an under-collection, you would need to raise the rate in a future year to make up for that.

A. (Stanley) Yeah. And I would say all things being equal, yes, if the Plan comes in as depicted, including the utility's sales forecast, we would have to collect additional dollars in the future to make up for any additional dollars over-earned.

Q. So the SBC rate includes the amount necessary that you expect based on sales to just get your regular performance incentive, not your 125 percent; is that right?

A. (Peters) That's correct.

A. (Stanley) Correct. Just the 100 percent level.

Q. Okay. So for the current triennial, are you on track to get more than the planned performance incentive? Are you on track to get 125 percent?

A. (Peters) So kind of taking aside the effect of the current triennial, we've done it in single-year chunks. I do have some numbers for Eversource, and others may have numbers also.

In 2018, we achieved 115 percent of our target; so we earned, you know, a little more than the planned PI. In 2019, we achieved 109 percent of our target. In 2020, we are working very hard to pass the 75 percent threshold to earn the performance incentive in those categories. And so the end result over the term, 2018 to 2020, it's likely that we will earn, you know, just a little bit less than 100 percent of the three-year target. And I should say that we will achieve just a little bit less than the three-year target savings, depending on how 2020 works out exactly.

Q. And can the others --

[Court Reporter interrupts.]

Q. Go ahead, Ms. Downes.

A. (Downes) Sure. The other factor here is how much was spent. So the performance incentive is designed based on spending 100 percent of the budget. But the actual performance incentive is earned against actual spending by the -- that was discussed and agreed to by the Performance Incentive Working Group a couple years ago and reaffirmed.

We, at Unitil Electric, over the term, if we were to add all three years together, we have exceeded our annual and lifetime savings goals. And our benefits are not -- are right about on target. Our budget looks like we're going to be coming in under budget for the three years combined, and that is largely due to 2020 having somewhat less-than-expected spending.

Northern is looking like we are pretty much -- we're going to be a little bit under budget for 2020, the other two years under budget -- one year over budget. And the lifetime savings looks like it's falling a little short in 2020; whereas, we have been over-achieving on lifetime and annual savings overall for 2018 and 2019. So how that all shakes out into performance incentive depends on a number of factors. I don't have those in front of me, but I can take a record request if you'd like.

The past two years have been filed. And

as Kate said, we have been doing it on an annual basis up until this proposed next term. So 2020 isn't done yet. I don't have those numbers. But we'll have them, you know, early next year.

Q. So it seems like you got to the 75 percent threshold over the three years.

A. (Downes) Yes, I believe so. There are more factors now. There are more components to the performance incentive metric. And so for annual and -- for annual savings, certainly. Lifetime savings and benefits, we're still counting on these last two weeks.

Q. For this year. But if you over-achieved in the past two --

A. (Downes) Yes, correct. And that is --

[Court Reporter interrupts.]

Q. -- then over the three-year triennium you will have achieved 75 percent.

A. (Downes) Yes. And that is part of the benefit of the three-year framework is that if you have a year like this year, which was a little more difficult, it can be offset by prior years or vice versa.

Q. So if the change this year is to allow you to do that offset over the three years, why do you need to reduce the threshold from 75 percent to 65 percent? It seems like you're getting two benefits out of that.

A. (Downes) So we are increasing our savings goal from approximately 3.1 percent on the electric side to 4.5 percent, which is about a 50 percent increase in our goal, which is a lot. So the threshold for achieving PI --

CHAIRWOMAN MARTIN: Ms. Downes, just a minute. We just lost Mr. Kreis, and I want to pause until we get him back. Let's go off the record.

(Pause in proceedings)

CHAIRWOMAN MARTIN: Let's take a break and return at 2:30. And in the interim, perhaps somebody can connect with Mr. Kreis. Thanks, everyone.

[Brief recess was taken at 2:14 p.m., and the hearing resumed at 2:35 p.m.]

CHAIRWOMAN MARTIN: Looks like we have everyone. Mr. Kreis, there you are. Okay. Let's go back on the record.

Mr. Emerson.

MR. EMERSON: Yes. Thank you, Madam Chair. I just wanted to bring up the fact that our witness, Mr. Hill, his availability on Monday is a little up in the air at this point. We're hoping that we could finish with him today, just to assure that all questions are asked of him. I only have two redirect questions at this point. And I know there's still some time left in the hearing, but I did want to bring that up before we started now. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you. We will certainly do our best.

Commissioner Bailey.

BY COMMISSIONER BAILEY:

Q. I think we were hearing from Ms. Downes about why it was reasonable to decrease the threshold from 75 percent to 65 percent for those three metrics in the PI.

A. (Downes) Yes, and I am also going to invite my panelists, my co-panelists, to help with the question as well. But basically there are two issues. We were discussing the three-year framework, which I think there are many reasons to have a three-year framework. And the performance incentive should be tied to performance over the term, just by nature of what the purpose of a performance incentive is.

In terms of the 65 percent threshold, which is a distinct issue, I would defer to Kate Peters to answer that, if that's okay.

Q. Sure. Ms. Peters.

A. (Peters) Thank you. So there are a couple things that interplay when it comes to the threshold. But the first is the amount of savings that we are looking to achieve in this next three-year plan. I had answered some questions from Mr. Dexter the other day about some of these changes that we're making and the savings target that we set.

The goals that we've set for this three-year plan are significantly more than the goals that we had in the past three years. And I think if you look at it, the 65 percent threshold -- so 65 percent of this three-year term for the electric programs is about 92 percent of what we had set for the goals of the last three-year plan. So even to meet the threshold, we're essentially achieving what we did in the past three years. So we're looking at a significant ramp-up. And that's exciting because there's a lot more efficiency that we can do here in the state, but it also comes with some level of risk. And the risk is not just the goals themselves, but the fact that typically we base plans -- you know, you do your estimates based on past experience. And we are in a time frame for these plans where our past experience, in terms of achieving savings, relied very heavily on lighting. And that is much less the case in this Plan. So we're introducing a lot of new elements and new measurements and new ways to achieve those savings at the same time that we're looking to significantly increase the savings. So there is a level of risk there that the Utilities feel is appropriately acknowledged by the adjustment to the performance incentive threshold. And we talked a little bit about some of the economic risks, which I do think the three-year time frame helps to ameliorate. But as the Settling Parties looked at it, and we looked at the targets, we are in agreement that the 65 percent thresholds, as they were proposed in the September 1 filing, do make sense in terms of promoting for the Utilities an ability to really reach towards these higher goals of higher achievement here in New Hampshire.

A. (Mosenthal) I'd like to just add that Kate made good points that I'd agree with. But just to make sure it's clear to everybody, if the Utilities get to 75 percent or better, they won't earn any more performance incentive than they would if the threshold was at 75 percent. They simply have the -- they begin the opportunity to earn at 65 percent. So that band from 65 to 70 minimizes some of their risk, which I think is appropriate, but does not cost the ratepayers more money, assuming they make it at least to 75 percent anyway.

CHAIRWOMAN MARTIN: Commissioner

Bailey.

COMMISSIONER BAILEY: Go ahead.

CHAIRWOMAN MARTIN: Can I interject, or do you have a follow-up? I don't want to interrupt --

COMMISSIONER BAILEY: I have a follow-up, but go ahead. Go ahead.

BY CHAIRWOMAN MARTIN:

Q. I think it would be helpful for me to have someone explain how the threshold relates to the spending. So if you reach the 65 percent threshold, the PI is determined based upon your actual spend. Is that going to correlate to spending? Or could you have spent 100 percent of your budget to get to 65 percent of your goal? Can someone walk through that?

A. (Peters) Certainly. And there are a couple different metrics. So while it's true that if you were trying to reach that 65 percent threshold you could spend your entire budget trying to reach it, there's another metric that's weighted just as much as the lifetime savings, which is your net benefits for the program. And so that's comparing your achieved benefits to your planned benefits. And that's where the cost comparison comes in. So if you've spent much more money to achieve your benefits than you had planned to, your net benefits are going to come in low, and you're possibly and probably not going to meet the net benefits portion of your threshold. So there is some balancing that happens there. The incentive itself has an element that encourages the utilities to spend in an appropriate manner when trying to achieve the rest of the goals. And so I think that at least partially answers your question.

A. (Stanley) Can I add that the one metric that is necessary for any of the utilities to earn any performance incentive is that the portfolio must be cost-effective that is deployed. So in the scenario that you mentioned, in terms of if the utilities or a utility achieved only 65 percent of its performance targets but leveraged their entire budget, it would be very unlikely that the portfolio would be then cost-effective, meaning that that utility would earn zero performance incentive. So the savings achievements or performance metric achievements, they do need to closely follow spending, typically, in order to again maintain a cost-effective portfolio.

CHAIRWOMAN MARTIN: Okay.

Thank you, Commissioner Bailey.

BY COMMISSIONER BAILEY:

Q. So would you say that there's a 35 percent chance that you won't achieve your target for lifetime kilowatt hours saved?

A. (Downes) I don't think that's what the metric is getting at. It's not about chance of performing. It's really about what level of savings is it appropriate for the utilities to start earning a performance incentive. And given the significantly higher goal that we're going for, the Settling Parties determined that 65 percent of that largely increased goal would be an appropriate level for us to start earning performance incentive.

Q. But I'm trying to get at what is a true incentive. Is it just automatically if you roll out the Plan like you say you're going to do, that you get this performance incentive, or is it really an incentive to achieve it --

A. (Downes) Yes, I believe we do, given that the reasons that Ms. Peters was just laying out, that we would have to achieve 92 percent of the current term goal in order to start receiving any performance incentive and -- does that make sense? I want to make sure that that comparison translates --

Q. Well, it does. But you've all said that you think you're going to achieve at least 100 percent for the last triennium. So I'm trying to figure out what's an incentive and what's just revenue to do what you're supposed to do.

A. (Downes) So the goals from last term are not apples-to-apples to the goals from this term, as is described in the Settlement. There are a number of evaluation impacts that are being applied going forward. The lighting market is changing substantially over the term. There are other factors that will make it more of a challenge for us to achieve those goals. And the goals are 50 percent higher than they have been.

So, given all of that, the opportunity -- we have every intention of achieving 100 percent or more of our goals. But to the extent that there is risk involved in getting there and unknowns in the marketplace, not just related to COVID but, you know, the lighting market and everything else we've talked about, the 65 percent, which is where that performance incentive lived for I can't remember how many years, but all of the years up until this year. 2020 is the first year that it has gone to 75 percent. I probably picked the wrong year. We're basically going back to where it was for years and years, in light of the fact that the goals have been increased dramatically and that there is uncertainty in the marketplace.

A. (Stanley) Can I add, too, that as Ms. Downes is noting, 2020 is the first year that we had more than two metrics that needed to be achieved to earn a performance incentive. So just the fact that there's now six metrics as opposed to two that was in place for nearly 18 years for a performance incentive model, it does introduce a lot more risk because those metrics didn't necessarily go hand-in-hand with each other. They don't flow nice and even. Annual savings doesn't necessarily come in at the same rate as lifetime savings. Passive demand is a completely new metric starting this year. That has not been necessarily an area focus. And this active demand reduction category is completely new. So there's a higher level of uncertainty in terms of what we could achieve going forward in the future. And as I stated previously, the 65 percent threshold level, that would still remain. That's the current passive demand threshold targets. That hadn't been elevated to the 75 percent level. And the 65 percent threshold had been in place for quite some time. So we don't think we're proposing something that's drastically different, that hasn't been in our approach or our performance incentive structure for many years.

A. (Mosenthal) And if I could just add, you know, going to the question of what's the incentive or where's incentive, you know, one of the significant benefits of the performance incentive mechanism is that it scales. So, you know, even if a utility is really confident they're going to get to 100 percent, they still have the incentive to do even better and do as well as they can up to 125 percent. And similarly, if they know they're not going to meet their goal, but, you know, it's within sight to exceed 65 percent, they have a strong incentive to do as much as they can. So I think that's a key part of the incentive.

CHAIRWOMAN MARTIN: Commissioner Bailey, I have one more follow-up. But just let me know once you get --

COMMISSIONER BAILEY: Okay.

BY COMMISSIONER BAILEY:

Q. So Mr. Mosenthal, then you think that these incentives are appropriate.
A. (Mosenthal) Yes. I will say, you know, I don't feel 75 percent is unreasonable. But, you know, I think it's appropriate, especially given that they've been there and that they are facing more risk, both because of higher goals and the wild card of we don't know what the pandemic's going to be like in 2021.
Q. But for the pandemic, would you have -- never mind.
COMMISSIONER BAILEY: Okay, Chairwoman Martin.
BY CHAIRWOMAN MARTIN:
Q. I just wanted to follow up with Mr. Stanley.
You mentioned the six metrics this time. And I note that they do have different thresholds. How do those inter-relate? So if I meet the threshold for one and not the other, what does that mean for the PI?
A. (Stanley) That means that the way the metrics work, the earnings against them are only commensurate with that percentage of the

total. So, for example, if Liberty Electric only achieves 64 percent of its annual kilowatt-hour savings during the course of the program term, then that 35 percent portion of the performance incentive we wouldn't be able to earn against. So our performance incentive earnings, all things being equal, would be reduced by 35 percent.

And I apologize. I might have said annual savings. So I think my example is specific to lifetime savings. So the lifetime savings metric represents 35 percent of the performance incentive total. So if Liberty Electric was to only achieve 64 percent of its Plan lifetime kilowatt-hour savings target, we would not earn that 35 percent portion of the total performance incentive.

CHAIRWOMAN MARTIN: Okay. Thank you. That's helpful.

BY COMMISSIONER BAILEY:

Q. Mr. Hill, did you have something you wanted to say?

A. (Hill) I was going to make some of the points that Mr. Mosenthal made, that the incentive scale -- and it's really the threshold is the point below which you get no incentive. But there is an incentive from 65 percent on up through 125 to continue achieving savings. The budget is based on 100 percent goal attainment. But the set-up encourages performance from 65 percent up to 125 percent.

Q. And they don't get any more performance incentive between 65 and 125; is that correct? Either it's 65 percent or above, and then more if you get over 125 percent; is that right?

A. (Hill) No. It's scaled. It's proportional. It's all along. You start being eligible for the incentive once you cross the threshold. But then the amount of incentive you earn scales from you would get 100 percent of the Plan performance incentive if you achieve 100 percent of the target. You would get less if you were in the 65 to 100 percent range. And it scales continuously along that spectrum.

And the other point I was going to make

is that, in my testimony I felt that because of the increase in the savings goals, as well as the uncertainty in the economic conditions, that the 65 percent threshold for this triennial Plan was reasonable. But I would encourage that it not be considered to set this threshold on an ongoing basis for future performance incentives; perhaps when the program is looking at less of a ramp-up and in different conditions, that 75 percent in the future might be appropriate.

A. (Peters) I would just like to reinforce, if I could, the point that Mr. Hill just made about how if you achieve the 65 percent threshold. You're not achieving your planned performance incentive; you're achieving -- you know, 65 percent becomes the multiplier that you earn from. And the more you achieve past that towards 100 percent -- you only can get your planned performance incentive if you achieve 100 percent of the goal, and, you know, then you can earn beyond it. So that linear incentive really is there to encourage the utility to continue pursuing more achievement even after they've passed the threshold. It certainly doesn't mean that if you pass the threshold you kind of stop trying for some reason. You're very much incented to continue working towards both the goal and passing the goal.

A. (Downes) But really the only difference is --

[Court Reporter interrupts.]

CHAIRWOMAN MARTIN: Just one second, Ms. Downes. I just wanted to follow up with Mr. Hill.

Commissioner Bailey, do you mind?

BY CHAIRWOMAN MARTIN:

Q. I guess I could use a little more explanation then, because it sounds -- and Ms. Peters just was talking about how it relates to the threshold and the percentage as you increase. But if the PI is tied to the actual spend, can you give me a deeper explanation of that so that I can understand? If I spend 100 percent of my budget to get to the 65 percent, how do I then get additional PI?

A. (Hill) Well, that's a good question. The performance incentive, one way to look at it is it's not tied. There's not a performance incentive, say, to spend your full budget related to spending. The performance incentives are related to other metrics, you know, that provide the benefits from the programs. And so the performance incentive metrics are all performance elements of the program. There's the net benefit metric that was mentioned before that accounts for the costs that have been expended to reach the savings targets. But you wouldn't want to set up a performance incentive that is tied to the program spending because then you're encouraging program spending without the results. So the performance incentives are tied to results, including net benefits, which is one component that ties into program spending to reach those targets. And then as Mr. Stanley mentioned, you still have the overall minimum, not just the threshold, but the overall condition that the program still needs to remain cost-effective in order to be eligible for any of the performance metrics. Does that answer your question?

Q. To a certain extent. I understand the metrics. But I also recall the testimony, and I looked at the attachments related to PI and how it relates to actual spending as well. So I'm just trying to get clarity on that. But we can move on. I don't want to take Commissioner Bailey's time and --

COMMISSIONER BAILEY: No, I don't mind. And I think if anybody has --

[Court Reporter interrupts.]

CHAIRWOMAN MARTIN: We can move on and I can ask this question again later.

COMMISSIONER BAILEY: Okay. I don't mind if we round out this topic. But if you want to move on, I can move on.

CHAIRWOMAN MARTIN: Well, if anyone else has anything to add, go right ahead, and then we'll move on.

A. (Downes) I would just say that the 65 percent threshold, we call it a "cliff," because if you don't reach the threshold, you earn nothing. And so that can become a disincentive if you're doing well, right. And the only difference between setting a 65 percent threshold and a 75 percent threshold is that you're going to start earning on the metric, the PI metric, once you've hit 65 percent of that goal rather than once you hit 75 percent of that goal. The funds that you earn are going to be proportional to the achievement.

A. (Peters) And I would just add to your question about spending the whole budget to get to the minimum threshold, while you could do that, you then of course wouldn't have any budget left to get past the minimum threshold, and so you would not earn your planned performance incentive necessarily. Although, the spending is a piece of the multiplier. I haven't run a scenario in terms of how it would calculate out. But if you were to spend your entire budget to get to the 65 percent threshold, I am pretty sure you would end up in trouble on the other metric related to net benefits and possibly, as Mr. Stanley noted, to your overall benefit-cost ratio for your program.

CHAIRWOMAN MARTIN: Okay. Thank

you. That was helpful.

BY COMMISSIONER BAILEY:

Q. I'm going to move on to a different topic now. Exhibit 9 recognizes the recommendation of the Legislature in Senate Bill 125 from I think 2017 to reduce transmission costs. Why doesn't the Settlement ADR include an attempt to reduce monthly system-wide peaks?

A. (Peters) The Settlement Agreement notes that the Utilities would work with stakeholders to really discuss and try to understand the topic a little more and then make a proposal if it seems like that is the appropriate thing to do. I am not an expert on demand benefits, but my understanding from those who are is that those monthly peak reductions are different types of benefits than those that we typically utilize in our benefit-cost models. And I think the Settlement indicates that we feel there's just some need for additional discussion as to what the goals for that would be and what the benefits would be and how we would approach it and calculate them. And if we went through that discussion and came up with a proposal that seemed to make sense for the programs to implement, then we would come back and bring that to the Commission.

Q. Bring it to the Commission in this triennium?

A. (Peters) Yes.

Q. Ms. Woods.

A. (Woods) I apologize. I'm having an issue with my -- so I missed the last thing that was said.

Q. I saw you raise your hand. We were talking about why the Settlement demand response doesn't include an attempt to reduce monthly system-wide peaks so that the allocation for transmission is reduced.

A. (Woods) So I apologize. I did not mean to raise my hand. I'm just having a little technical problem.

Q. Okay. All right.

A. (Downes) So I did actually mean to raise my hand. So I can speak to that somewhat. And the issue here is not that we're not interested in those monthly peaks. In fact, we had the potential study investigate that to some extent. And there is opportunity for non-summer peak savings from active demand programs. The issue is that, under the current avoided cost framework that uses the AESC Study, that Avoided Energy Supply Component Study, there is no value that is calculatable from the non-summer peak, the non-system peak months. And that doesn't mean that there isn't benefit. It just means that under the modeling that we use and the inputs from the avoided cost study that are utilized, they're zero at this moment. So in order to make them beneficial on paper and have cost-effectiveness under the framework that we have used for the energy efficiency programs forever, we need to investigate what those other benefits would be and quantify them and get agreement that those are real and then develop additional models to capture those and measure them.

Q. And fundamentally, is that because there's a difference between demand response and energy efficiency?

A. (Downes) No. It's because there's a

difference between system benefits from the whole grid and localized distribution benefits from a local company, distribution company, that is reducing demand on its system. Because fundamentally, if you are reducing the distribution system costs, the costs of the system are still being borne by other users on the system. So you're just shifting costs. You're not actually reducing or delaying the need to pay for the system itself, the summer peaks, the generation systems.

Q. Okay. When the EM&V Working Group can't come to a consensus, what happens?

A. (Downes) Currently?

Q. Well, you can start with currently and then tell me what is in the Plan.

A. (Downes) So the EM&V Working Group which was set up at the beginning of this current term has been operating very effectively to both issue requests for proposals and oversee evaluation studies and to review the results of that and to agree on what to apply and how to apply it and when to apply it. We recognize that there may be times when we do not all see eye-to-eye on all of the issues that are coming out of the evaluation sphere. And so the Settlement has proposed that when that occurs, that the consultant to the PUC that is hired to manage the evaluation work on behalf of the PUC, would actually be working to facilitate agreement and consensus among the working group members, and that only if that were not possible would the party -- would a party that was feeling aggrieved bring their issue to the Commission for resolution.

Q. And is there a reason you're not comfortable with -- if an EM&V consultant tries to get to consensus, is there any reason why that consultant couldn't make a recommendation or a decision?

A. (Downes) Because they're a party to the working group. So I think that we're comfortable with that party working to bring us to consensus. But there will be times when there is a difference of opinion because the consultant is contracted to the

Commission; therefore, there may be a difference of opinion or understanding about policy. It may be that the consultant doesn't want to make a recommendation because it's more about policy than it is about evaluation. And so I think it's for that reason that we're not comfortable, speaking for myself as a member of that group rather than others necessarily, not comfortable just having them have kind of fiat power over the decision-making.

A. (Mosenthal) If I can also add, you know, the way this is set up in the Settlement is that, if we can't come to consensus -- I shouldn't say "we" because I'm not necessarily part of it. If the EM&V Working Group can't come to consensus, sort of the default position is to go with the consultant's recommendation. However, it's recognized that, while I'm not a lawyer, I believe any party can petition the Commission to address the issue if they want to. So, you know, if it's a big enough issue, a party might decide to ask the Commission to make a final ruling. If no party asks for that, because there could be an issue that in the end there's no consensus, but it's not a huge impact one way or the other, then it's efficient to have some process to just move on. And you need to pick something. And so the idea was that the consultant is, you know, acting independently and has expertise and that that made the most sense as sort of the default to go with. But it does not require the Commission ruling.

Q. So the consultant can resolve the non-consent issue, and anybody who's aggrieved by that would bring it to the Commission?

A. (Mosenthal) If they so choose, which I imagine likely would only happen if it was a pretty large impact on savings goals, for example.

A. (Downes) I think that's true. The desire on the part of all parties is to keep moving and to come to agreement. And I think our actions and activity to date have borne that out.

CHAIRWOMAN MARTIN: Commissioner

Bailey, I have a question on this one when it's convenient.

COMMISSIONER BAILEY: Okay. I have sort of one more question. Maybe the same question as you. I don't know. But do you want to go first or -- okay.

BY COMMISSIONER BAILEY:

Q. So the EM&V Working Group was the group that recommended that we change the 65 percent threshold to 75 percent; is that right?

A. (Downes) No, that is not correct. It was the Performance Incentive Working Group that made that recommendation to the Commission.

Q. Okay. Does the Performance Incentive Working Group work the same way, and did the Performance Incentive Working Group discuss the change from 75 back down to 65?

A. (Downes) The Performance Incentive Working Group sunsetted after its report was completed. And its work was completed, so it has not been meeting. I mean it doesn't exist anymore.

Q. Okay. Thanks.

COMMISSIONER BAILEY: Go ahead,

Chairwoman Martin.

CHAIRWOMAN MARTIN: That just opened up a hole bunch of other questions.

BY CHAIRWOMAN MARTIN:

Q. I'll go back to the EM&V group.

I noted that there was a distinction made related to matters of policy versus technical disagreements for referral to the Council. And it appears from this that anyone can seek a Commission determination on any issue. There's no distinction on those. I was just wondering why that distinction was made related for referral to the Council.

A. (Downes) I'm sorry. Why the distinction was made? I wanted to get your question precisely. So --

Q. For referral to the Council. So the way I'm reading this --

A. (Downes) I see.

Q. -- there are referrals, essentially referrals to the Commission of any type of issue. And then below it says, "Regarding any disagreement on matters of policy, as distinct from technical disagreements, any member of the working group may notify the Council --

A. (Downes) Sure. So let me --

[Court Reporter interrupts.]

Q. As distinct from technical disagreements. I was asking about why there was a distinction there as it relates to the Council.

A. (Downes) Okay. So the distinction between a technical issue and a policy issue is one that is -- the technical issues are ones that are really of interest to the EM&V Working Group because they're related to the statistical and methodological issues related to evaluation, which we would not expect that members of the Council to be necessarily aware of or even interested in, or able, you know, having the background to weigh in with a degree of knowledge that would make their input valuable.

A policy disagreement would be more along the lines of some of the things you see in Settlement related to the application, the appropriate application of net to growth, whether or not to include it, for example, because it's new to New Hampshire as a construct, and things like when to stop offering light bulbs, LED light bulbs to residential customers, given market transformation. There's information from evaluation that can inform that discussion, but the actual decision about ending an offer that has been an important part of the program raises to the level of a policy decision.

So hopefully that gives you a sense of the differences there. And the Settlement is suggesting that those policy issues, which the EM&V Working Group may have information about but not want to make a decision on, or even a recommendation on, those could go to the Council for further discussion and input on a sort of broader policy level. And then either of those kinds of issues, should they become really contentious, could go to the Commission for final decision if they can't be resolved by facilitation.

Q. Okay. Thank you. That helps a lot.

CHAIRWOMAN MARTIN: Commissioner Bailey, I had questions about how the PI was determined. And Ms. Downes just mentioned --

COMMISSIONER BAILEY: Go ahead.

BY CHAIRWOMAN MARTIN:

Q. Okay. Ms. Downes, or anyone who can answer, can you tell me the history on that committee, how they determined that a PI was necessary, how they determined how much was necessary, and whether that determination was made for the Plan going forward or for the last one? I'm not clear on when their sunset was. So any information on that would be very helpful.

A. (Downes) Sure. I can start, and I would invite my colleagues to jump in.

The PI Working Group was formed as a result of the last Settlement three years ago. And it looked at the performance incentive structure that had been in place for years and years to see if it could be improved. And so there was months of meetings among most of the same parties who are here today, and a report was developed and issued to the Commission, and a recommendation for the term that is now ending. And that included a couple more metrics.

So it used to be, under the old PI framework, that we looked at lifetime savings and the -- yeah, lifetime kilowatt-hour savings or MMBtu savings for the natural gas programs and whether our benefit-cost ratio, how that related to our Plan. And that was about it. There were additional considerations under this new framework that expanded it to passive demand, or KW, as well as net benefits, which are the difference between the total net present value benefits of our programs and the costs to the utilities of offering those programs. That was developed in the context of the last term, before active demand programs had been proposed, before an energy optimization program was really fully thought through, and definitely before the pandemic.

So we have -- when we were working on that PI framework, we were cognizant that we wanted the framework to last into this next term that we're planning for now. But we also recognized that there may be necessary changes, particularly and most prominently the active demand component, which we agreed would be -- would wait until we had more information about that before we tried to include it in the framework that we wrote up for the report.

So there's more to it than that, and I guess I'll stop there and see if you have any follow-up questions, or if Ms. Peters or Mr. Stanley or Ms. Woods have anything to add.

Q. Do you know when they did sunset -- (connectivity issue)

A. (Downes) Sorry. When what?

[Court Reporter interrupts.]

Q. Do you know when they did sunset?

A. (Downes) I'm sorry. I don't know what you mean by "they" sunsetting.

Q. The PI. You mentioned the PI Working Group or committee, whatever it's called.

A. (Downes) I don't, off the top of my head. But I can look it up for you.

A. (Peters) If I recall correctly, the PI Working Group submitted its report I believe during the summer of 2019, and then the new performance incentive structure that it had developed became effective for our 2020, part of our 2020 Plan.

And I agree with Ms. Downes. I think all of us who were part of that working group, we believe there were, you know, positive changes made to the structure. And we had some level of intention and hope that the general framework would also apply to this three-year plan. But we also could not predict at the time exactly what elements would be included in this three-year plan. And so it was intended to kind of make progress and move the performance incentive structure forward and begin implementing a new structure in 2020. But as we developed this three-year plan, it became clear to those of us working on the plan, especially those of us at the utilities, that we would need to propose some adjustments because they just hadn't been accounted for in the prior work, notably the active demand portion.

A. (Stanley) Madam Chairwoman. Oops, my apologies. I was just going to comment. I believe the first part of your question to the panel here was questioning what the genesis or reason for having a performance incentive is. And the purpose for the Utilities having a performance incentive as part of our programs here is to essentially attempt to make our investments in energy efficiency commensurate with any type of supply-side investments our businesses could be making as an alternative. And a review as part of the Performance Incentive Working Group, both the latest iteration of it that took place over this last term, from 2018 to 2019, as well as the Performance Incentive Working Group that functioned back in 2013, which was the last iteration of the review of the utility performance incentive mechanism, determined that any of the utilities across the United States that had aggressive energy savings goals, consistently, all of them, had a performance incentive mechanism to go along with their deployment of an aggressive energy savings portfolio. So going after aggressive energy savings targets goes hand-in-hand with utilities having available to them a performance incentive target to drive their investments into the programs.

Q. Okay.

A. (Woods) I just wanted to add that the Performance Incentive Working Group wasn't intended to be an ongoing working group. It was established I think after the last -- for this triennium just coming to -- for the 2018 to 2020, to answer some specific questions and to do the review of the performance incentive and make the recommendations, as Mary said earlier. And then it was intended to sunset because the task was completed. So it wasn't intended to be an ongoing group.

Q. Thank you. I think I was just wondering whether anyone had considered if PI was something that was necessary going forward, or particularly in this case, and whether the level of PI had been looked at.

CHAIRWOMAN MARTIN: Thank you,

Commissioner Bailey.

BY COMMISSIONER BAILEY:

Q. Okay. Can anybody tell me if the average cost per kilowatt hour over the life of the investments in this Plan has been estimated? So if you achieve 100 percent of your goals and you spend all the money and you implement all the Plan, what's the cost per kilowatt hour of this energy efficiency initiative?

A. (Peters) I may have that. I need to open a document, if you don't mind. I think what you're asking is what we refer to sometimes as the "cost to achieve the cost per kilowatt hour." I think I have some --

A. (Downes) We do calculate that as a metric in developing our plans. And what we -- what we find is that the cost to achieve both annual and lifetime kilowatt-hour savings is increasing for a number of reasons that will sound familiar. The lighting has been a major part of our portfolio, and its measure life is shortening as codes and standards change, and we're having to find other opportunities for energy savings. Those other opportunities tend to cost more to implement. And also, we are finding that as we go deeper into buildings and businesses, that we have to entice customers to participate by offering them higher levels of incentive and other services, both technical assistance and audits and whatnot. So the cost to achieve those savings -- and this is not unique to New Hampshire -- is increasing over time.

I was trying to give you enough time there, Kate.

A. (Peters) Thank you. You almost did it.

So I'm looking for kind of an overall planned cost to achieve. And the reference for that that I have is Exhibit 1, which was the September Plan that we filed, on Bates Page 17. And so you can see the total cumulative program funding and the lifetime megawatt-hour savings there. And so the program cost per lifetime kilowatt-hour savings there is .053.

What I was looking for and can't seem to put my hands on at the moment is a calculation of that same number with the Settlement costs and savings because they have changed slightly. So that may require just a little more digging. I'm just -- I may have too many documents in front of me.

Q. Would you expect the Settlement number to be higher or lower than that?

A. (Downes) I think it would be higher because we've applied a lot of evaluation assumptions that are reducing our savings without reducing our costs.

Q. Okay. So what I was hoping to see is that it would be clearly less than the price per kilowatt hour of a generated megawatt or kilowatt. And 5.3 cents, if it's a little bit higher, I think you're bumping right up against the cost of energy supply. Am I wrong in that?

A. (Downes) I think the avoided cost framework that we were discussing earlier in the benefit-cost model that we put together indicates it is cost-effective. However, as Mr. Mosenthal has also pointed out, a lot of the residential energy savings that we achieve is not kilowatt-hour-based but MMBtu-based from propane and -- I'm sorry -- propane and delivered fuels. So we're taking the total cost of the programs and the total kilowatt-hour savings and making a relationship. What we're leaving out of that equation is the energy that we're avoiding in propane and fuel oil and other, you know, wood and other things.

So I'll leave it at that and you can draw your own conclusions.

Q. Is it possible to still be cost-effective and more expensive than a kilowatt hour of supply?

A. (Downes) It could be, yes, based on if you're -- if you were saving fuels other than electricity or if you're increasing electricity use through, you know, interactive effects or whatever, which we're not doing. But that could happen.

A. (Hill) And also, if I can, Commissioner, it depends on the categories in the Avoided Energy Cost Study. So avoided energy is one of the avoided cost components. But there are other components as well that get counted against the program savings. It would be the non-fossil fuels, but then also capacity costs and other costs as well. But I mean it's a helpful metric to keep an eye on. But the retail cost of just energy -- or the wholesale cost of energy per kWh is not the only metric that's used in cost-benefit screening in the energy cost framework.

A. (Downes) One other issue that we have to keep in mind is that nearly 20 percent, or $1 out of every $5 in our budgets is going to the low-income sector by design and by plan and by legislative desire. And that money does not save very much kilowatt hours. It really is saving the fossil fuels that our income-eligible customers are using to heat their homes in the winter. We're saving some electricity, but not much from those programs.

Q. Okay. Thank you. Can somebody walk me through the bill impact for commercial and industrial customers using about 10,000 kilowatt hours a month?

A. (Peters) I can get to that attachment if you give me a moment. It's Exhibit 2.

Q. While you're searching for that, Ms. Peters, yesterday, or the previous hearing day, I think you said that the New Plan was in Exhibit 2, and the first page of the New Plan says "New Hampshire Technical Reference Manual." Is the revised plan the same as the Technical Reference Manual?

A. (Peters) That's a good question. So Exhibit 2 is the revised attachments to the Plan that was submitted September 1st. So the Plan that was submitted September 1st has kind of a narrative portion that's at the beginning of it and then a whole series of attachments that are the detailed backup. We have not rewritten the narrative to reflect the Settlement Agreement, but we did revise all of the attachments to reflect the Settlement Agreement. Those are kind of the numerical backup for the energy savings and the targets and the budgets and so on. So that's why, Exhibit 2 Attachment A, which is the Technical Reference Manual, and then moves into the other attachments to the Plan, but it does not include a revision of that narrative portion.

Q. Thank you. That's very helpful.

The other question I had, the other generic question I had about this document is it's labeled "Draft."

A. (Peters) The Technical Reference Manual at Attachment A, what we provided here when we submitted it, last week I believe, that was still the draft form. The EM&V Working Group had been working furiously to try and finalize the Technical Reference Manual, doing all the final kind of text review and edits. And I believe that now has been completed and will be filed and posted. So there were still some minor revisions to that document that were underway with the EM&V Working Group when we submitted this exhibit.

A. (Downes) Yes, that's true. And I want to emphasize that the TRM, or the Technical Reference Manual, is a supporting document to the Plan, and it is the basis on which savings calculations will be made. And so we'd like to say it will be finished. But that document is expected to continually be updated with new measures and changes in assumptions. There's detail about that in the Settlement, you know, about how often that will be updated. But the EM&V Working Group is working collaboratively and as efficiently as possible on finalizing that, so that once we start calculating savings next year, we will have a full reference document for that.

Q. Okay. Thanks.

Ms. Peters, did you find the bill impact for the C&I customers?

A. (Peters) I did, yes. So it's Bates Page 424 in Exhibit 2. That's the Eversource Attachment E3. So I can walk through this, and then, you know, if there are things about it I cannot answer, I know Ms. Menard on the rates panel will be able to backup with further detail when we get there.

But you'll see the C&I rate is the second line down. So you see the current rate and then the proposed rates for the next three years. And then if you move towards the middle of the page, you'll see a current -- a bill-per-month calculation for that kind of average 10,000 kilowatt-hour customer. And then you'll see the change from the previous rate level in dollars per month. So in 2021, that customer would be paying $47.17 more on their bill per month than they had in 2020. And then in 2022, they would be paying $37.26 more than they had in 2021 and so on. And the last piece there is the percent change from the previous level. So that bill would go up 2.8 percent from 2020 to 2021 based on that rate, and then the same kind of calculation comparing 2021 to 2022 and '22 to '23.

Q. Great. Thank you.

Okay. The last three-year plan that we approved called for a working group to evaluate alternative sources of funding and financing programs. Did that happen?

A. (Peters) Yes, it did. The Funding and Financing Working Group had numerous meetings over the past three years, much more extensive, you know, more frequent meetings. Kind of earlier in the term we had explored a number of different avenues. And kind of based on what we found and things that were adopted into the Plan updates, that group has stopped meeting so frequently in recent months.

The group never identified any major funding sources that could be brought in to supplement these programs. It did identify a number of opportunities for financing for customers to help them with co-pays for projects. And the Utilities have, during the course of the three years, increased our on-bill financing offerings and created a moderate income residential offering and added a commercial on-bill offering and several things related to that piece of it. So I think we had some really good success in finding customer financing offerings during that working group.

In terms of grant funds, we did develop what's called the "NH Saves Partnership Program," where we brought on a vendor to help us look for, identify and apply for grant opportunities that may relate to the programs. And they provided a report to the Utilities, say about nine months ago now. They kind of did a really broad look at the types of grants that were out there that might be related to efficiency in our programs and looked for areas that would match up. And again, they did not find any major funding sources that could be brought in to the programs, but they did identify that assisting some of our program partners, like the Community Action Agencies, or specific program elements to kind of identify more discrete and specific grant opportunities was something that we could be pursuing and that we have been. They have since helped a couple different Community Action Agencies apply for grant funding to help them over the course of this year, either with equipment costs or with scaling of their staffing during the pandemic. They have recently, I think, written an abstract to submit to a federal grant opportunity for some workforce development funding. We don't have any indication yet whether that will be successful or asked to continue. And so there is still an ongoing effort to identify grant funding that can be supplemental to the programs and perhaps fill gaps that the programs themselves cannot fill, which is really positive, but it is not kind of the major funding source that some of us had hoped we might find when that working group kind of started its efforts back a couple years ago.

Q. Was there also a working group to talk about whether somebody other than the Utilities should run these programs? Didn't we talk about that in the last triennium?

A. (Peters) There was not a working group specific to it. I believe there was some language in the Settlement Agreement that kind of did not preclude another program administrator from becoming part of the discussion over the planning of this next three-year plan. In actuality, the stakeholder process did not end up proposing or identifying such action. So that was not a specific working group topic.

Q. Were there any discussions about doing it another way, or did everybody start with the assumption that the Utilities would continue to run these programs?

A. (Peters) I don't recall any very significant discussions about it during the recent stakeholder process. The Utilities are very interested, as you know, in running these programs. It's very important to us. We think we have a great track record of achieving savings in New Hampshire and a good plan for moving forward. And the discussion really didn't happen past that extent that I know of.

A. (Downes) I think this was brought up by the Facilitator and dispensed fairly early on in the process. And it was agreed to that, for this triennium at the very least, the Utilities were the appropriate party to be carrying on the programs, given our past experience and our relations with our customers and our success in meeting goals.

Q. And my question wasn't to suggest that you didn't do a good job. It was just I remembered from the last triennium review that there was an idea that maybe somebody else should take over in the second triennium.

Mr. Hill or Mr. Mosenthal, do you have anything to add?

A. (Hill) I don't have anything on that point.

A. (Mosenthal) I don't either.

Q. Okay. Thanks.

Hopefully these are my last set of questions. But I just want to go through a few things in the Settlement Agreement. So if you could turn to Exhibit 14.

On Page 5, under SBC Rates, I just want to confirm that on the second line there under SBC Rates, it's 18 percent increases in 2023 and not 2022; correct?

A. (Peters) Yes, that's correct --

Q. Okay. So in the next paragraph where you talk about the increase in SBC rates "reflect budget adjustments intended to achieve additional kilowatt-hour savings in the residential sector," can you go over how you plan to do that since the focus on lighting has been significantly decreased?

A. (Peters) Certainly. So that actually is the -- I'm sorry. I was getting an echo.

Okay. That is the focus that we were talking about earlier on additional conversions from electric baseboard heat to heat pumps. It was kind of identified through discussion with a number of the parties that there was more opportunity there than we had included in the September draft. And so Eversource in particular did add a budget to our residential programs in order to increase the planned number of those conversions from electric baseboard to heat pumps and kind of capture and realize the energy savings that would result from those projects. So that's primarily the change that was made to do that.

Q. Okay. Now if we scroll down to Non-Energy Impacts, which is on Page 6 at the bottom, can you just confirm for me or clarify, this is an adder that you add to the benefits in

the benefit-cost test; is that right?
A. (Peters) That is right. And for the non-energy impacts that are being kind of settled here, they actually apply to the secondary cost testing and not to the primary cost test.
Q. When is the secondary cost test used?
A. (Peters) I may not be the biggest expert on this. In my mind, it's used as an informational view. So in all of our cost-effectiveness sheets you will see cost-effectiveness figures for three cost tests: One for our primary test, which is really the test of whether we've met a benefit-cost ratio of one or more for the programs. But two others, the utility cost test and then the secondary Granite State test, both of those have kind of different attributes to them that provide kind of a more full view of cost-effectiveness for the programs. And I'm guessing if you'd like more detail on exactly what those attributes are, probably someone else is better positioned to describe them than I am.

A. (Downes) This was one of the things that changed as a result of the Benefit-Cost Working Group that reviewed the cost testing for New Hampshire and has been put into place for this term. And in order to reflect the continued -- or the benefits from resources other than energy, and from costs and benefits other than those related to the utilities, the secondary cost test was retained as a means of seeing environmental benefits and health benefits and other benefits that aren't related to energy, as well as the costs, the customer costs and their contributions to the total project costs that they're incurring. So that's what the secondary cost test is for that. And then the utility cost test is fairly straightforward.

Q. So again --

A. (Hill) And I would just offer that -- sorry, You know, it's complementary, in essence, to your primary test, but it does help to capture those other non-energy benefits that policymakers, Commissioners, you know, maybe want to be informed about. And, you know, if they're not in the primary test, it doesn't necessarily mean they're not there. But the agreement is to screen the programs according to the primary test and then provide this as additional information that can be complementary to that.

Q. Thank you. That's very helpful.

A. (Woods) I would just add that when the BC Working Group met and had the discussions about this, that some of the reasons to have those other two tests was if we wanted to look at some additional benefits of programs, depending how they screened in the Granite State test, or if we were going to be looking at levels of funding programs. Or it would be for sort of additional context for decision-making around programs. And also just to be -- to provide illustration about sort of a different view on the programs.

Q. Okay. Can we go to Page 12, the carryover paragraph. I think this says that the Commission approves updates to the benefit-cost test based on the new avoided cost study that we're going to get next year, but the Commission doesn't approve changes to the Plan that come from that. Is that -- do I understand that right?

A. (Downes) Let me restate what the Settlement is suggesting. We know that we're going to be getting an update to the avoided cost test next year. We're going to -- and those results will be applicable starting in program year 2022, right. So 2021 is set, and that's not changing. When we get the new avoided cost test and all of the tables that go along with it, we will put those in our, in whatever is approved for our plan, in our benefit-cost plan, for years 2022 and 2023. And then we will change nothing else, and then we will provide that. And what comes out in terms of the benefits for the term and the net benefits will be our goal. And we won't be changing annual or lifetime savings goals or kW goals. But the benefits, because they're based on the avoided cost study, will in fact change.

Q. Can you flush that out a little bit more, the benefits changing?

A. (Downes) Sure. So the benefits and the avoided costs are kind of the same name. It's two names for the same thing. So the benefits are based entirely, I think almost entirely, on the avoided cost -- on the AESC, on the avoided cost models that come out. And they're coming out next year, so we don't have them. So once we get them, we'll plop them into our models, change nothing else, and then provide you the new results, the new outputs. And you can see the inputs if you want as well. And that will show -- that will have an adjustment most likely downward on the benefits that will be achieved as a result of our planned programs. So all else will be held equal, and we will just adjust the benefits based on the new updates to the avoided cost study. No change -- sorry.

(Connectivity issue)

A. (Mosenthal) I just wanted to add to that. Really, specifically the thing of import that changes is the net benefits performance incentive metric goal. Because even though they're not changing their Plan and the energy savings that they're planning to achieve won't change, it's simply mechanically if you plug in the new avoided costs instead of the ones they're currently using in their models, the net benefits number changes. And because the avoided costs are really outside of their control, the Settlement included that automatic adjustment.

Q. Thank you. On the energy optimization pilot on Page 14, can you talk a little bit about that?

A. (Peters) So the September Plan proposes an energy optimization pilot, where we would be replacing fossil fuel heating systems as a primary heat source for customers with heat pumps as the primary heat source. And to do that, you need kind of higher incentives and a different outreach model than we used for our standard heat pump programs. And along with that comes an evaluation and understanding of how energy is being saved when you shift to that model; you know, how much fossil fuel is being saved, what are the impacts on electric use, et cetera. And we think that starting to explore that is a really important element of this Plan, but it was clear from the testimony and some of the discussion with parties in the docket that perhaps there were some, you know, additional clarifications or kind of a little bit more flushing out that we should do in terms of how that pilot would be put together and evaluated.

And so the Settling Parties had determined that the Utilities will solicit some more feedback from stakeholders and then make an additional informational filing about that pilot and how it would operate and, you know, the types of things we're looking to learn from it to the Commission. Kind of similar to how, in the past years, we provided some additional filing related to the demand pilots after the Settlement and then did a little more work and came back with additional information for the Commission.

Q. Would the Commission have to approve the pilot before you start it?

A. (Peters) I am not a hundred percent sure. I know for those demand filings, we did one in 2019 and one in 2020. I think the one in 2019 was explicitly approved by the Commission, and the one in 2020 we provided the information and moved forward. And I don't think there was an order on it. So I think we would look for some direction from you as to whether it's an approval or informational or if you had additional questions that needed to be answered.

A. (Downes) I think that, given the time frame, we would hope that it wouldn't require an order or a hearing. But of course, it's up to you if you get the report and think there needed to be more discussion of it, then of course we would comply. But we're hoping it would be self-contained and self-explanatory enough that you would allow us to begin it so that we don't lose time.

Q. Okay. Skipping down to the next page, can you tell me about the Eversource RFP Program?

A. (Peters) Yes. So the RFP Program is a program that we've run for a number of years, where we have commercial customers kind of propose projects and compete with each other in an RFP kind of format, and we can fund the projects that seem to have the best opportunity for energy savings at the best cost. And so it added in a competitive element to the programs.

One thing about that RFP program is it did tend to have a higher cost to achieve than our standard commercial programs. And so when we were looking to make adjustments in the Settlement process and reduce -- I'm sorry. I feel like I'm breaking up. Can you hear me okay? Yes? Okay.

Q. I can hear you.

A. (Peters) When we were looking to reduce the Eversource C&I budgets, but maintain as much energy savings as we could, one of the adjustments we made was to essentially remove the funding from that RFP program. And some of it was replaced into our standard large commercial program offerings, and some of it kind of was dropped essentially from the Plan. So that's one of the shifts that we had to make as we were looking at ways to reduce the budget but still keep savings as high as we could.

Q. Mr. Mosenthal, can you jump to Page 17, Pending Procedural Matters, and explain to me what this OCA agreement is?

A. (Mosenthal) I can try, although I'm not a lawyer and I'm really not an expert in this area. However, it's my understanding that the OCA filed a motion with the Commission related really to the appropriate standing of Commission Staff, you know, in this docket. And as part of the Settlement Agreement, it was agreed that that motion would be rescinded, I guess, or repealed, whatever the words are.

Q. But it's rescinded if we approve the Agreement. And if we don't make the decision on the motion before that, what effect does this have?

MR. KREIS: Commissioner, if I might interject here briefly. I know better than to object to a question asked by a Commissioner. But I would like to suggest, respectfully, that I, as the attorney for the OCA, I'm probably in a better position to answer those questions. And I would be more than happy to do that either now or at some appropriate juncture later in the hearing.

COMMISSIONER BAILEY: I appreciate that, Mr. Kreis. I didn't mean to overstep. I just don't really understand how this provision works. And this is the panel that is talking about the provisions in the Settlement Agreement, and that's why I asked the question.

Madam Chair, do you have a preference if Mr. Kreis informs us on this now, or should we wait until closing arguments? Do you have any procedural advice?

CHAIRWOMAN MARTIN: Normally I would say we would wait until the closing, but I think it might be helpful to hear him now.

COMMISSIONER BAILEY: So Mr. Kreis,

do you understand my question?

MR. KREIS: If you could restate it, that would help me I think.

COMMISSIONER BAILEY: Okay. This provision, as I understand it, says that you'll withdraw your motion if we approve the Settlement Agreement. But how do we approve the Settlement Agreement without deciding the motion?

MR. KREIS: That is -- that's an interesting question. And I understand why it feels like a "Catch-22" to you. But here I think is the intent: I wanted to use the Settlement Agreement as a basis for sort of climbing off of that particular ledge and basically dropping the issue of whether or not it is necessary for the Commission to designate any of its employees as a Staff Advocate. So I'm just trying to think of... in the event you don't approve the Settlement Agreement, then I think you have a rehearing motion that you have to -- you have a rehearing motion that you have to rule on. I'm not sure if I'm answering your question very well. I'm having a little trouble understanding the metaphysics of it.

COMMISSIONER BAILEY: Well, me, too. So are you saying, then, that if we don't designate -- if we don't rule on the motion before we make the decision on the Settlement Agreement, and we approve the Settlement Agreement, you won't appeal the fact that we didn't make a decision on the motion?

MR. KREIS: Correct. Obviously, Commissioner, I can't prevent you or tell you not to make a ruling on that rehearing motion. It's still pending. So I guess a good way to think of this is I'm giving you the option to avoid making that ruling by approving the Settlement Agreement if you find that that is helpful to you in resolving the case.

COMMISSIONER BAILEY: Thank you.

MR. KREIS: That I think is the best way I can pitch that to you. It's an opportunity.

COMMISSIONER BAILEY: Thank you.

You're very kind.

MR. KREIS: Thank you.

COMMISSIONER BAILEY: And that, Madam Chairwoman, was my last question. Sorry it took so long.

CHAIRWOMAN MARTIN: Okay. I have two questions for Mr. Hill, so I'll probably do those first.

[Court Reporter interrupts.]

BY CHAIRWOMAN MARTIN:

Q. Actually, let me start with one question just so I don't have my screen shut down again. I have a question on the Plan, the September 1 Plan. Exhibit 1, I believe it's Page 2. So it's Bates 218 in what was filed as "modified Exhibit 1," if that's helpful. And there's a series of bullets that are the additional requirements. The second bullet speaks to a minimum threshold of 55 percent. I'll give you all time to get there. And once you get there, just let me know.

A. (Peters) I'm there.

Q. So it says 55 percent of total energy savings. What is "total energy savings"?

What does that mean?

A. (Peters) This is a -- sorry. I'm getting an echo.

Q. Sorry. That's my fault. I'll mute.

A. (Peters) This 55 percent threshold has been a piece of the performance incentive for a number of years. And I believe it came into place when we started achieving fossil fuel savings in the residential program. And so we do a calculation -- I believe it's actually on some of the pages in the attachments -- where we translate all of the savings into electric savings and, you know, including the MMBtu savings that have been achieved from fossil fuels, and do a comparison to ensure that 55 percent of that total is coming from the electric measures saving electricity. And I believe the Commission had put that into place in order to assure that we were still achieving significant portions of the savings in the Plan from electric measures at the time that we added some fuel-neutral fossil fuel elements to the program.

Q. Okay. That makes sense. And is this bullet impacted in any way by the changes in the Settlement Agreement as it relates to the Plan, or does it stay the same?
A. (Peters) This stays the same.
Q. Okay. Thank you.
Okay. Mr. Hill, on Page 9 -- and you brought this up earlier -- you mentioned that you support the 65 percent threshold because of COVID and expansion of the Plan. And I don't have your language in front of me, but you suggested that going to 75 percent for future programs was appropriate. Can you elaborate on that?
A. (Hill) Certainly. My understanding is that the adjustment to the minimum threshold of 65 percent was discussed. I wasn't part of the Performance Incentive Working Group. But it was discussed as part of the increase in the savings goals, some of the changes in the market to the calculation of the savings, and then also to some degree related to the economic conditions. So the program is ramping up, if you would, to achieving all

cost-effective savings that are out there. But there are some additional risks. And so lowering that threshold -- and again, it's important that it's just a threshold and that any performance incentive scales above that. But lowering the point at which, I think Ms. Downes called it the "cliff," is that there is no performance incentive. Lowering that threshold for this triennial plan, given that there's an increase in the savings target, and then also just our current state of affairs due to COVID, that seemed to be a reasonable adjustment to me.

A. (Mosenthal) If I could add one thing, because I think one of my answers to Commissioner Bailey may have been a little misleading.

I have been -- well, I was asked to present to the Performance Incentive Working Group well before the Plan started, a couple years ago I guess, by OCA. And I did include in my presentation a recommendation to increase the threshold to 75 percent, which I think in general is good practice. However, I do support the Settlement, and of course the Settlement is a process of give and take on lots of issues. And I think overall the 65 percent is appropriate, given the substantial increase in savings and particularly concerns about how 2021 and perhaps even beyond might play out with the pandemic.

A. (Hill) And Madam Chairwoman, I also noted in my testimony that I didn't think that having the threshold be 65 percent for this triennium should indicate that it wouldn't go back towards 75 percent or to 75 percent in the future. But I felt that it was appropriate for this triennium.

Q. Right. And as a follow-up, I just wondered how significant was the COVID impact in your analysis and whether we really need to wade through the years to consider the increase.

A. (Hill) That's tough to actually -- kind of how much a weight was on the COVID part of that, I'm not certain I can put a specific value on that. In the absence of COVID, I think I might have -- it's likely that I would have said sticking with the 75 percent threshold might make sense, because I agree with Mr. Mosenthal, that that's generally -- having a threshold like that, you don't want it to be too low. So in the absence of COVID, 75 percent might have been my recommendation. But it's hard to say what percent that played.

A. (Mosenthal) And I'd just like to point out that the proposal, both the September 1 Plan and the Settlement, is to shift to a three-year construct, in terms of goals and performance incentives. So, you know, I guess I wouldn't characterize it as being "stuck" with it for three years. It's simply being stuck with it for this set of performance incentives, which we don't know what the final performance is until the end of the three years.

Q. Okay. Thank you.

On Page 10 of your testimony, Mr. Hill, which is Exhibit 5, you talk about the benefits. Can you walk through those? You make high-level reference, but can you just walk through some of those more specifically, please?

A. (Hill) Certainly. So this is Table 1 on Page 10 of my testimony. And the Granite State Test benefits are in the first column, and so those sum to $965,000,000 over the course of the three years, with utility costs of $347 million, so for a net benefit of $619 million and the benefit-cost ratio of 2.78. That's for the three years, the variation across. Each individual year is in the table.

Are you asking -- would you like me to discuss the utility costs or the costs to deliver the savings and the program benefits? They, for instance, would not include the participant costs which are not part of the calculation. And so the Granite State Test benefits are based on, as we said, primarily the avoided energy cost-based valuation of the energy savings that are produced by the program.

Q. Okay. Thank you.

And this question can be for anyone. We've heard about economic impacts, positive economic impacts from the Plan that are "local," I think I've heard them described. But I'm wondering specifically about New Hampshire. Do we have data related to job creation in New Hampshire specifically? Do we have data about benefits that are within New Hampshire that someone can speak to?

A. (Hill) I cited in my testimony, a little bit further up, some of the work that Clean Energy New Hampshire has done, some survey-based research documenting the growth of energy efficiency employment in the state. And then, also importantly, the proposed Plan has workforce development activities incorporated in it. And so both the current growth of energy efficiency employment based on the most recent plans and expanding the Plan into the future, employment and energy efficiency has been growing, I think at 11 percent, based on their most recent data. And they identified that I think one in roughly -- one in five, only one in five firms indicated no difficulty in hiring new employees. So the workforce development component of the Plan I support is trying to help make the -- train the workforce that will be required to help deliver the benefits, and that energy efficiency employment in New Hampshire has been growing and with this proposed Plan would be expected to continue to grow.

A. (Peters) If I could add, I think the Clean Energy New Hampshire research that Mr. Hill just talked about is very supportive and helpful. We did also in the Plan Narrative lay out some of the other economic and environmental benefits that the Plan achieves, starting on Bates Page 26 of Exhibit 1, Part 1. So some of these we've already talked about today and I don't need to walk through each of them individually.

But there's the direct energy savings and demand reduction that happens for customers. There's the cost savings that happens for customers. There's the environmental benefits overall, which, you know, arguably have their own kind of economic benefit for our state. But we don't have that quantified in terms of an economic benefit. It's quantified in terms of greenhouse gas emissions reductions. We do have an estimate on jobs that's slightly different from what Mr. Hill was talking about, and it's a little more overarching, coming from a study that was used indicating that, you know, for every million dollars that are spent on efficiency, 6.2 direct jobs and 2.7 indirect jobs are supported. So it helps to kind of understand the magnitude of the employment impacts of the Plan. And so those are some of the economic benefits that we tried to articulate in the Plan Narrative itself.

Q. Thank you, Ms. Peters. Those jobs numbers you just gave, those are not just within New Hampshire; right? Those are more --

A. (Peters) Those would be from New Hampshire. So it's kind of a calculation based on a study that was done. There was a study that was done across all the states a number of years ago. But if you multiply the dollars spent in your state by these factors, and I think these factors are specific to New

Hampshire, that would be how many jobs are supported by the program. So it should be state-specific.

A. (Mosenthal) And if I can add, the numbers I cited, the 17,500 job years, was also reflecting the New Hampshire budgets, program budgets. It was based on a study done in Illinois for Commonwealth Edison territory. However, you know, I scaled that basically most similar to the way Kate's describing it to the New Hampshire budget levels. And Commonwealth Edison's programs are largely pretty similar to the electric programs here. It's an electrical-only utility.

Q. Okay. So I understand it's related to the budget. What I'm trying to get at, are these New Hampshire residents, or is this -- could it be regional? Sounds like, Mr. Mosenthal, yours could be regional and Ms. Peters is just applying the research to the budget.

A. (Mosenthal) Yeah, I think that's true. Typically the bulk of the jobs are direct job creation. So, for example, if your weatherizing a home, you're hiring people that could be over the border in Vermont or Massachusetts, but, you know, are certainly relatively local contractors. It does include some jobs that are more sort of direct job creations. So, for example, to the extent customers spend their bill savings on purchasing new equipment or new consumer products, those jobs may well be outside New Hampshire.

Q. Okay. Thank you.

Earlier, I think when Mr. Krakoff was asking his questions, we heard about the process as to how we got the Draft Plan and moving forward. And there was a group of stakeholders that was described as "weighing in" on the July proposal. And I'm wondering whether all the stakeholders that were involved at that point were also ultimately involved in what is in the Settlement Agreement, whether they were -- whether they "weighed in" in any way, or it's just the Settling Parties.

A. (Peters) So some of the stakeholders that were involved in the EERS Committee are

Settling Parties. But there were a number of stakeholders and voices in the EERS Committee that were not actually parties to this docket when it began and were not part of the Settling Parties. I think all of the Settling Parties were part of the stakeholder process, but the opposite is not true.

Q. Okay. I just didn't know if there had been any consultation back to that group to get feedback; and if so, what that was. Sounds like -- (connectivity issue)

A. (Peters) That Committee has not met. I don't believe it's met at all since we submitted the September 1 Plan.

Q. Okay. Following on that, so the Settlement Agreement proposes the Advisory Council. How does the Advisory Council relate to the EERS Working Group and the EESE Board? Is there a relationship there? Is it replacing the EERS Working Group? Can anyone fill me in on that?

A. (Peters) Sure. The Advisory Council is intended to replace the EERS Committee and the EESE Board stakeholder process. Rather than being just a planning process, it is intended to be an ongoing forum for discussion during the course of the Plan, as well as a process for beginning discussions about the next three-year plan. It's intended to be consensus-based, which is a little bit different from the EERS Committee which had, you know, specific members who were voting members and then some input from other attendees who were not voting members and therefore didn't vote on the final outcome. And the new structure's intended to be less about committee votes and who is a member and more about a consensus-driven process, which we hope will result in, you know, a positive impact on development of the next plan. So those are some of the major differences.

Q. So it would replace the EERS Committee. The EESE Board itself is statutory. So how would it relate to that?

A. (Peters) The EESE Board I think would still exist, as long as it still exists in statute. And it has a broader set of things that it

works on and discusses; it's not just these programs. It's kind of clean, you know, energy efficiency and renewable energy much more broadly in the state. So I don't think that would change. But it wouldn't be the kind of focus point for the stakeholder process for this Plan, for the EERS plans. That stakeholder process would be happening in the new group.
Q. So the Plan would not go to the EESE Board for a vote as it did in this case.
A. (Peters) That's correct. Yeah.
Q. Okay. And so you answered one of my questions, because if it's replacing it, we're not going to have two consultants, one for the EERS Committee and one for this group.
The $150,000 cap on expenses, how does that relate to what's been spent for the EERS Committee historically?
A. (Peters) Yeah, the consultant for the EERS Committee in this past process had a $200,000 budget for about a year and a half, or a little bit more worth of work that we did.

So we made some kind of broad assumptions about what might be appropriate for a consultant working with the stakeholder body each year for the three years, and that's what we determined in the Settlement.

Q. Okay. Thank you. I don't know if this question has to be answered by the individual utilities, but I'm wondering about generally the administrative costs related to the programs, how the increase has impacted those and how that compares to the current plan.

A. (Peters) I'm not sure that I've thought about it in that way. I think we have an attachment that was part of Exhibit 2, again, the revised attachment. There is an attachment, I think it's C, that breaks out the costs for the programs into kind of the various buckets. And those are the internal administration, the external administration, rebates and services, implementation services, marketing, EM&V. And it provides some percentages of total plan. And I don't have the current triennium in front of me, so I don't have those percentages to compare.

But you can look at kind of the grand totals which are on Bates Page 352 of Exhibit 2, and you'll see kind of the percentages that are allocated in the budgets to each of those items, and kind of a grand total, if you look at all the utilities and the electric and the gas, of about 2.2 percent for internal administration. I am not sure how that number compares to the current plan. I'd have to go look that up.

Q. Does anyone else know that comparison?

A. (Stanley) I can only speak for Liberty, for Liberty Gas and Liberty Electric. What we modeled for budgeting is a consistent percentage of internal administrative costs that we're anticipating relative to the budgets and goals that are being implemented.

One area, though, that we see more of an increase in scale of cost would be costs related to our implementation support vendor, since more of a scaling cost will be necessary from that perspective, in terms of entities who are actually doing services with customers, in terms of whether it's performing things like energy audits, post-inspections, field interaction with customers to generate jobs. But again, the percentages that we modeled are very closely similar to what we've historically modeled.

Q. Okay. Anyone else?

[No verbal response]

Q. Okay. Ms. Peters, if you can get that information, I would appreciate it. I'd like to see how the administrative costs compare or the increased goals, as it relates to this Plan and then how it compares to the last Plan.

(RECORD REQUEST: Compare the administrative costs for 2021-2023 Plan to prior years.)

A. (Peters) Definitely. I'll note for Eversource, that our percentage for internal admin is about 1.1 percent for this Plan. Just on an initial look, that seems lower than it's been in the past. But I'd be happy to take a request and I can get you those.

Q. I guess I'll put that request to all the Utilities. Although, Mr. Stanley, sounds

like you've essentially answered that
question.
A. (Stanley) I'd be happy, Madam Chair, to provide our details. You know, I was speaking in generalities that the numbers are, I believe, very close to what we depicted here in the attachments Ms. Peters referenced. But we can provide our specific details as well.
Q. Okay.
A. (Downes) As can Unitil.
Q. Thank you.
Ms. Peters, you earlier testified to sort of increased outreach. Can you describe how you are reaching out or how you will be reaching out and how that's different?
A. (Peters) Certainly. So depending on the program and the measure, there are a lot of different ways that we can outreach and connect with our customers. Maybe I'll use large C&I as, you know, just an example, although it's kind of different for every customer group.
Our primary outreach to those customers

is through our account executives who have direct relationships with those customers and talk to them on a regular basis about a whole host of, you know, utility-related issues or items that they might have. But we can also increase outreach to those customers by engaging with vendor partners in the field and making sure that the energy service companies that operate in the state and the distributor networks that operate in the state, in terms of selling various equipment or lighting or other things, that all of those potential partners are really well informed about our programs and how to help customers participate, which helps the vendors, you know, with their business in terms of achieving projects. But it also helps us because we have a whole network of other people who are experts in their particular area out there interacting with the customers and showing them the benefits of energy efficiency. So that's been a key focus that we've really had in ramping up the commercial programs especially.

We had our first-ever vendor network kick-off this year and had a really good, right before COVID, in-person meeting with those vendors. There were several hundred people there. It was really positive. We're looking to do something similar, virtually, coming up in the next couple months.

On the small business side, something we found that was really impactful is our Main Streets effort, where we work in a single community on a very hands-on, on-the-ground basis, to essentially go door-to-door to all the small businesses within a defined area and help them to implement projects. So you get kind of a community-based swell of projects happening, where there's some interaction between the various businesses in the community working with each other, working with their municipal partners, and working with us to do projects. So we'd like to do a lot more of that.

I could probably go on and on, so I'll pause maybe to see if I'm getting at what you were hoping for, and I'm happy to provide

more if you'd like.
Q. No, you did fine. Thank you very much.
CHAIRWOMAN MARTIN: And that is all of my questions. I appreciate Commissioner Bailey having let me interject earlier.
And so, Mr. Sheehan, will you lead the redirect?
MR. SHEEHAN: Yes, we do have some redirect. And I believe Mr. Kreis and Mr. Emerson do as well, if you have any preference for order.
CHAIRWOMAN MARTIN: You can go ahead whenever you're ready.
MR. SHEEHAN: Okay. Let me pull up something here.

REDIRECT EXAMINATION

BY MR. SHEEHAN:
Q. Ms. Peters, there has been a lot of discussion about impacts, positive impacts that the Plan would have on various customers. Could you just for a moment focus a little bit on the income-eligible customers, as that has also been referenced, but I don't think it's been detailed, what

the kind of particular impacts that those customers receive as a result of the proposed plan.

A. (Peters) Sorry. Had to find my mute button there. And this is a really important element of the program. We have some legislative direction on making sure that we address this customer group. And it's also an area that provides a lot of value to the state in a number of ways.

So this Plan is going to serve more than twice as many income-eligible customers compared to what we had planned for participants in the past three-year plan. So it's a really significant increase in terms of addressing the needs of this customer group through the efficiency programs; especially for these customers, they have a high energy burden. A large percentage of their budget is put towards energy bills compared to many of the other customers in our territories. And so when we do energy efficiency work with these customers, it frees up money in their household budget that can really be used for other critical needs, such as food or necessities or healthcare or other things. It has a very high impact for these customers. And not only does the efficiency work save money, it also helps to improve health and safety elements for these families. Testing of the heating systems can detect serious concerns, such as carbon monoxide issues that the programs can address; the improved air quality from kind of tightening up the house and improving those heating systems can mean quantitative, positive health impacts, such as reductions in asthma and allergies; the reduction of drafts and improved lighting can mean that family members can focus on work and school and other aspects that really improve their quality of life. In a recent study that we did over the past term, we researched and quantified many of these benefits that energy efficiency brings to the low-income residents in our state. And I really feel that it's hard to even capture the positive impact in a kind of -- it feels very wonky to me to say a lot of these things.

I've seen Mr. Clouthier, from Southern New Hampshire Services, give a presentation with a whole bunch of slides about actual projects that they've done and the customer impacts. And if any of you ever have a chance, I encourage you to talk with him and see that presentation because these impacts are very real in a way that's almost impossible to convey in this sort of setting. And I think it's very important that this Plan focuses a significant portion of the budget and resources and efforts on this type of work and that our income-eligible customers have the opportunity and chance for us to work with them and achieve these benefits over the next three years.

Q. Given the fact that we are close to the end of the year and there's a lot of work to be done to get an order out in this case, and frankly to finish this hearing, I'd like to ask you a couple questions about alternatives that the Commission might be thinking of.

What would be the effect of extending

the current funding to continue the programs into 2021? Would that be the same as continuing the 2020 plan into 2021? If not, what differences would there be?

A. (Peters) Sure. It would not be the same. The 2020 funding would not be able to achieve the same energy savings targets that we have for 2020 in 2021 because there are, as we were talking about earlier, changing baselines and changing EM&V applications and changes in the marketplace happening that mean the same dollars are not going to achieve exactly the same savings as they have in the past. So there would be a reduction of the savings goals compared to 2020.

And in addition, the Settlement Agreement and the Plan, they contain a lot of, as we've been talking about, mutually reinforcing programming that kind of accounts for our ability to move forward with the goals and the programs as projected. They have kind of a vision and a framework for a three-year structure and how we can achieve that.

But in order to really move in that direction, you have to adopt the whole thing in its entirety. So just an extension of 2020, while certainly better than, you know, pausing the programs for some period of time, it would not be the same as kind of the type of full three-year EERS structure that we're looking for.

CHAIRWOMAN MARTIN: Mr. Sheehan, you're on mute.

MR. SHEEHAN: That's 'cause I didn't click the button.

BY MR. SHEEHAN:

Q. Does the Settlement Agreement and the new three-year Plan address the context of the current economic climate; that is, are the savings targets embodied by the Settlement Agreement and Plan an advisable path for New Hampshire going forward?

A. (Peters) Yes, I think they do. We've had a comprehensive and inclusive process of discussions that is consistent with the Commission direction, in terms of how to evolve the EERS and go about the stakeholder process. There are concrete economic benefits that are good for the state. And the rate structure that we have is designed to be tailored to the customer utilization of the efficiency members -- sorry, measures, not members -- efficiency measures and the benefits that the Plan can achieve for those customers.

Q. Can the proposed three-year Plan be implemented as three one-year plans?

A. (Peters) No. And I think we spent a good amount of time discussing this earlier. It really is designed as a full 36-month structure.

And one thing we didn't talk about as much is the customer and contractor benefits of that three-year structure. We, in the past, have ended up with scenarios where we had to pause or stop programs or work with contractors to move invoices from one year to the next year because we were either running out of funding or trying to hit a certain target. And the ability to continue working on efficiency projects kind of past the

December 31st deadline and into January, and just kind of continue that momentum that we have in the marketplace I think is really important to the ability of our contractors and our customers to actually implement these projects and not have to worry, you know, is it December 15th or is it January 20th, and does that mean, you know, I have some different offer or that I can or can't do my project in that time frame. So I think the three-year structure is really important.

Q. And I suppose you're also saying that continuing with the three-year structure helps with the program administration so that the program itself can continue uninterrupted.

How long would the program continue without significant disruption should the Commission not approve the three-year plan and some other approach?

A. (Peters) So if the plan were not approved in kind of a comprehensive way, we would be left with a number of questions that would have to be answered. And so it would not kind of self-sustain for a long period of time. We would really have to figure out -- there are a number of new elements here that I think are important new elements, and we would have to figure out how and if to move forward with them: The conversion of the active demand offerings into programs; the energy optimization pilot; the workforce development efforts that we talked about earlier; some of these new offerings that we're looking to implement for customers to give them new ways to interact with the programs. There's a codes and standards effort there that we are going to work with building codes officials around the state to improve their education and ability to ensure that our new buildings in the state are built to code, and even above code when possible. That's a multi-year effort that we'd like to get started with.

So all of these things would be in limbo unless we had some kind of comprehensive view as to how we were going to approach them over time.

Q. Would there be any aspects of the proposed three-year plan that would not be addressed should the Commission simply extend funding, or even if they increased some funding but did not approve the proposed three-year plan?
A. (Peters) I think it's mainly the things that I just talked about. And then, you know, if the funding level were different from what we've proposed, we would also have to go through a process of determining, you know, what gets cut, essentially. We talked earlier about how Eversource, you know, to come to the Settlement Agreement, had removed funding from an offering that we had. And all sorts of decisions like that would need to happen. And we'd really need to make sure that we were approaching an adjustment in a way that kind of maintains the core elements of the program and maintains energy savings as much as we can. And we would have to figure out what gets eliminated and what stays and how do those adjustments get made.
Q. And finally, could you sort of outline the Settling Parties' recommendations for the

Commission. Certainly you speak with a Utility voice, but you're also on that stand on behalf of all the Settling Parties.

A. We recommend that the Commission adopt the 2021 to 2023 Statewide Efficiency Plan as amended by the Settlement. If the Commission determines it's not possible to approve the full plan by December 31st -- I recognize we are on a time frame here -- I would recommend the Commission at least approve continued funding for the EERS programs until a more comprehensive determination is made in this docket. I think one of the worst things that could happen in the marketplace would be a complete pause or stop for our contractors and our customers.

If there were more than a short-term delay in the review or the determination, I think we'd need to request that the Commission provide some key parameters or adjustments that you want to see met in a reasonable timeframe for the thoughtful work I was just describing a few minutes ago, in terms of how we can make sure that our efficiency offerings here in New Hampshire are achieving as much as they can and as comprehensive a way as we can and not drag them too far backwards in terms of the energy savings that they would achieve.

But I really do pose that the last consideration there shouldn't be necessary because the Plan before the Commission is truly a good plan. It provides a clear path forward to achieve energy efficiency results for New Hampshire. The savings targets in the Settlement Agreement were developed in the midst of economic uncertainty. And not only is the Settlement Agreement the only recommendation, full recommendation in front of the Commission, it's the only one that's taken that entire landscape into context. And the Plan was developed with input and insights from numerous stakeholders through many discussions and iterations in a thorough process that we cannot replicate or replace in the few days of these hearings.

And most importantly, I think, although sometimes in the planning role we spend the least time talking about it, but most importantly, this Plan provides more opportunities and options than we have ever had before to help customers implement energy efficiency and reduce their energy bills; the ability for C&I customers to participate more easily by purchasing efficient products directly from distribution partners, and also by working with them on larger, comprehensive projects. We have a new offering that we're working on for low-temperature freezers with all kinds of biotech and pharmaceutical in hospital settings that's really exciting right now and important. We have customers who are working with us on projects and waiting to hear from us what our energy efficiency commitment is going to be for them for the next three years because they want to expand. And they see opportunities in New Hampshire, and they want to make sure they're doing it in an efficient way. We have the Main Streets effort that I talked about to engage with small businesses. We have a high level of commitment to provide services to the income-eligible population, more opportunities for residents to get an energy assessment, new pathways. I could probably go on and on.

But the overall point is that investing in energy efficiency is the best way to help customers in New Hampshire reduce their bills so that they're not unnecessarily spending their money on energy that is being wasted. That is the counterfactual of this Plan. It's not just about the long-term lowering of utility revenue requirements or the positive cost-benefit tests based on avoided energy supply costs. It's about the approximately $1 billion that customers will not have to spend on retail energy purchases because they've implemented measures through these programs and reduced their energy use by the millions of kilowatt hours and MMBtus that are saved through this Plan.

This Plan as amended by the Settlement is good for customers. It is good for the environment. It is good for the economy. And it is a body of work that New Hampshire should be proud to stand behind to implement and to realize the multitude of benefits that will result for electric and natural gas customers in our state.

MR. SHEEHAN: Thank you. And I apologize. I skipped over one that I think is probably best brought forward to Ms. Downes to answer.

Ms. Peters' reference to the importance of maintaining a three-year plan structure with respect to the PI, the performance incentive, why is it important that it be calculated over the course of the three years as opposed to annually?

A. (Downes) The three-year structure was agreed to by all parties very early on in the stakeholder process, and not just by the Settling Parties. And that includes by Staff, as well as the Business and Industry Association, and other people who were both an integral part of the process, as well as those who came in and spoke to stakeholders at a public hearing.

In order to really be effective and

actually be a performance incentive, the PI framework must be based on the term goal. It is otherwise not actually a performance incentive for the term. Because the EERS goals are to be achieved over the three-year timeframe, the Utilities and our partners will have the flexibility to adjust not only to the changing lighting market that we've talked a lot about, and also the impacts from changing federal appliance standards and building codes that will take place under a new federal administration, as well as local changes that may take place over the three-year period, but as well as the economic recovery from COVID. The timing of all of these and other market changes are not neatly tied to an annual calendar. And the Utilities, by having the three-year term, will be able to adjust to those and react to those in real time, knowing that there is a ramp to achieve the goals over the three-year term.

An annual PI framework necessarily translates to annual goals. There's no other way to mathematically calculate the performance incentive if it's on an annual basis with annual goals. And that would completely undermine the whole effect of having a three-year term.

So that's basically the answer to why a three-year term -- or that the three-year term is necessary and that the PI must be based on the three-year term.

MR. SHEEHAN: Thank you. Madam Chair, that's all the questions I have.

CHAIRWOMAN MARTIN: Okay. Thank you.

Ms. Robidas, I want to check in with you. We're at 4:47. Are you able to continue? We have a couple more attorneys.

(Brief discussion off the record.)

CHAIRWOMAN MARTIN: All right. Mr. Kreis, I heard you have questions.

MR. KREIS: Yes, thank you. I hesitate to add anything to those two excellent perorations I just heard from Ms. Peters and Ms. Downes. But I just have a few questions for Mr. Mosenthal, and I think I can get through them fairly quickly.

REDIRECT EXAMINATION

BY MR. KREIS:

Q. Mr. Mosenthal, at some point in your testimony, last Thursday I think it was, you said that if the Commission approved the Settlement Agreement, then rates would be going up, I think you said "a little bit." What did you mean by that exactly? I think you have to take yourself off mute.

A. (Mosenthal) Sorry. You know, I certainly did not want to imply that we're not asking the Commission to approve significant increases in the SBC. It was really more that I think it's important to take those increases in the full context of the rest of retail costs and what it takes for a customer to offset them. The SBC is never the largest component of the cost of electricity for customers, or the LDAC for gas, for that matter. You know, they've got distribution rates, they've got transmission costs, they've got energy costs. In fact, you know, I took a look at the state average cost per kilowatt hour by sector that

EIA publishes. And, you know, the current ones are over a penny less than they were a year ago for residential and about .6 percent less -- or .6 cents less than on commercial. So the entire increase between 2020 and 2023 on the residential side is lower than the reduction the customers are enjoying right now simply because of market forces.

And as I indicated in my rebuttal testimony, the residential customers, you know, can offset these increases with a few light bulbs. So it was in that context that I was really referring.

Q. Thank you. Last Thursday, Mr. Buckley asked you some questions about participation rates among C&I customers. And just to get everybody's head back into what we were talking about back then, in your rebuttal testimony which you just mentioned -- that's Exhibit 11, by the way -- beginning on Bates Page 11 of your rebuttal, you essentially urge the Commission either not to find or at least not to assume that only a few C&I customers take advantage of the New Hampshire

Saves programs. Would that be a fair statement of the point you were making in your rebuttal?

A. (Mosenthal) Yes.

Q. And then you noted, beginning on Line 18 of that page of your rebuttal testimony, that a study conducted in Massachusetts last year found extremely high C&I participation. Is that correct?

A. (Mosenthal) Yes, that's correct.

Q. And so I assume, and I assume you assume, that that is what caused Staff to take a few pages of that study from Massachusetts and mark it for identification as Exhibit 26. Would you agree with that?

A. (Mosenthal) Yes. You know, I think that Mr. Buckley, you know, questioned me on that and specifically pointed me to some tables that showed participation levels by different size customers, and that for the smaller customers the participation numbers reported were smaller and, therefore, the overall C&I participation rates were less.

Q. Can you explain why you think that was the case, that the participation rates for the small C&I customers in Massachusetts was relatively lower than the participation rates of the bigger C&I customers?

A. (Mosenthal) Sure. I mean, there's a number of reasons and issues going on there. You know, one of them, I had brought up the upstream programs. And Mr. Buckley was under the impression, or at least the impression I had from his question, was that he thought that the upstream program participants were included because of a note on the table saying that it was including unlinked accounts. I did go back and check the report, and they define "unlinked accounts" really as not anything to do with upstream, but simply account numbers in their efficiency program database that they can't link to any account number in their billing data; so, you know, either errors, or perhaps it could be a customer that went out of business. I don't know how far back they go in the billing data.

But on Page 49, it does talk about

upstream programs. And it indicates that they are included, to the extent that an account number was actually recorded that matches the billing data. And for C&I customers, you know, in Massachusetts, there's really two big upstream programs they're running, HVAC and C&I lighting. And the account numbers that are going to be recorded tend to be either on the HVAC side -- somebody buying a new furnace or boiler or central air conditioner, 'cause those are big products. And a lot of C&I lighting program works through the wholesale distributors. So those are distributors selling to basically contractors and a few of the largest customers directly. And they are expected at least -- I know I was involved in the design of that program, so I know at the time, anyway, part of plan was that the distributors were required to report account numbers -- or not account numbers, but addresses, anyway, so that they could track where they were going.

But small C&I customers aren't going to

distributors to buy their light bulbs wholesale. You know, they're buying at the retail level where no account numbers are recorded. So I believe that the small C&I customers, unless they're doing a complete lighting retrofit of their entire building and hiring a contractor, are probably not going to be included in these numbers.

Q. Mr. Mosenthal -- oh, I'm sorry. I didn't mean to interrupt.

A. (Mosenthal) Well, I was -- yeah, go ahead.

Q. Well, just in general, if the concern here is about non-participation by small customers, what would you recommend with respect to doing something about that?

A. (Mosenthal) Well, I'd recommend, actually, expanding the programs. You know, first of all, I looked at the smaller strata in Table 5.3 that Mr. Buckley pointed me to. And those customers, their average usage is less than 3500 kilowatt hours a year. That's less than half of a typical residential home. And so I did a calculation on that. And literally, buying two LED reflector bulbs or flood lights would be enough to offset their entire rate increase. And that's the full 2023 Eversource increase compared to 2020.

But, you know, the other thing to remember is the primary program, other than the upstream programs where customers can buy products at retail, is the small business direct-install program. That's the kind of program that you're not going to participate in every year like some of these large customers that have lots of things going on. It's a comprehensive program to go in and retrofit all the lighting and do other cost-effective measures. And he pointed to the fact that there was a 2-1/2 percent participation rate among the smaller strata. Now, remember, that's just in 2017. And Massachusetts has been running that program for 30 years. So it's very likely they have actually reached more than half of their small customers. But really, the important thing to keep in mind is the limit on those customers' participation is not really driven by their willingness or interest in participating. That program is kind of like the low-income programs, where it's simply a matter of how much money are you willing to spend and how much are you going to do.

You know, I actually did a study back in 1999 that was published in the proceedings of the International Energy Efficiency Program Evaluation Conference. They looked at participation rates in small business direct-install programs, including Massachusetts, and found that of the customers that were directly offered the service, 80 percent of them followed through and installed the measures. So the desire is there, and it's simply how much are you willing to do in any one year. And, you know, just like low-income programs typically treat a couple of percent a year and actually have waiting lists, it's the same kind of thing with small business on the more comprehensive programs.

Q. Okay. Let me just quickly turn to a couple other subjects and then I'll relinquish the floor.

Both Mr. Dexter and then Commissioner Bailey asked you some questions about the ACEEE score card. Did I understand you correctly to state that the ACEEE just released its 2020 score card today?

A. (Mosenthal) I believe it was today. I became aware of it today, anyway.

Q. And as I think I heard you and a couple of your colleagues on the panel testify, New Hampshire is now ranked No. 18 overall and No. 13 with respect to utility and public benefits programs? Am I remembering that correctly?

A. (Mosenthal) I personally did look this morning at the table specific to utility programs, so I can confirm that was No. 13 -- 13th place. It was someone else who mentioned the 18th place overall, which I assume is correct, but I have not actually verified.

Q. Understood. And did I hear you testify, I think I'm remembering this correctly, that New Hampshire earned a total of three out of seven points for program savings?

A. (Mosenthal) Well, I misspoke on the total number of points for utility program savings overall. There's 20 overall points, of which New Hampshire earned 10. As a point of comparison, Massachusetts earned 19.5 out of 20.
Q. And would you agree with me, subject to check, that in both the 2019 and 2020 score cards, to get all of the possible points for energy savings through the energy efficiency program, you would have to -- the state program would have to save at least 2 percent of electric sales annually?
A. (Mosenthal) I'm not sure whether that's -- I don't know the details of exactly how they do all the scoring. So I can't say.
Q. Sure. Okay. Would you further agree with me, subject to check, that Massachusetts, Rhode Island and Vermont all earned the full -- got full credit for program savings?
A. (Mosenthal) I don't have it pulled up right at the second. But it's my memory that Massachusetts and Rhode Island got 19.5 points out of 20. And my guess is they got

full credit on the electric program savings levels. There was a number of different categories there. And I believe Vermont scored 17.5. So they all scored very close to a perfect score, and much higher than New Hampshire.

Q. Is there anything about either the 2019 score card or the 2020 score card and the fact that New Hampshire's standing seems to be on the upswing? Does any of that suggest to you that we should ease up on the energy efficiency throttle?

A. (Mosenthal) No. No. As I explained, I think there's -- and Kate was very eloquently explaining before me -- there's a lot of economic benefits. There's a lot of direct customer bill savings. There's customer health and safety improvements. There's improvements to the overall economy. It is the cheapest resource, so we are going to spend more in the long run if we don't capture as much cost-effective efficiency as possible. And, you know, Maine is the only New England state that was below New

Hampshire. So we are still lagging in the region, I would say, and have plenty of room for improvement that's important to do.

Q. Commissioner Bailey asked you some questions about amortization, and I just want to make sure the record is clear about this.

Is the OCA advocating that we rely on amortization to mitigate the rate impacts of the ratepayer-funded energy efficiency programs.

A. (Mosenthal) No. The OCA has signed the Settlement, and we support the Settlement, which does not include the amortization. We did bring it up in the EERS Committee primarily as an issue because we wanted to see significant ramp-ups in savings, which would necessarily mean budgets as well. And Staff had expressed concerns about increasing budgets, and so we felt this was one possible option that could be considered to minimize the rate impacts.

Q. Okay. I think this is the last thing I need to ask you about.

Commissioner Bailey asked you some

questions about the extent to which anyone ever raised the possibility of moving to a third-party program administrator and no longer relying on the Utilities as program -- to deliver the programs.

Would you agree with me that this is a possibility that the OCA has raised from time to time over the last year or two?

A. (Mosenthal) Yeah. You know, I think it's certainly a possibility. I know I've heard OCA bring it up at least once. I do think that the Utilities are doing a good job and certainly capable of doing this. But it's certainly an option.

Q. Indeed. And you anticipated my last question, which is, given that some states have a third-party administrator, other states don't, do you have any about whether the Utilities are able to do an excellent job, and do you have any doubts that New Hampshire should continue to rely on Utilities as program administrators if we really want our energy efficiency programs to be as excellent as possible?

A. (Mosenthal) No. I think I'd prefer that model. I will say that as, you know, the primary author of the original plan to create Efficiency Vermont in the state of Vermont, as the nation's first energy efficiency utility, you know, I think that's a model that can work well. I have seen some drawbacks to it over the years because utilities have other advantages, like the relationships with their customers, the easier access to data which has to be treated very confidentially, things like that.

I will point out, at the time, Vermont was not a deregulated state. It didn't have performance incentives, I don't believe. And the utilities -- and there were lots and lots of municipal and cooperative utilities that really weren't able to deliver programs. I think in New Hampshire, especially if you look to Massachusetts, where most of the New Hampshire Utilities also operate, the Utilities have proven that they can do a very good job with aggressive goals and do it cost-effectively.

MR. KREIS: Excellent. Chairwoman Martin, I believe those are the only questions I have on redirect.

CHAIRWOMAN MARTIN: Okay. Thank you.

I think Mr. Emerson had questions. Do you have any questions, Mr. Emerson?

MR. EMERSON: Yes, Madam Chair. Just a couple quick ones. Thank you.

CHAIRWOMAN MARTIN: Okay.

REDIRECT EXAMINATION

BY MR. EMERSON:

Q. So, Mr. Hill, I know Mr. Mosenthal just touched on this in one of his responses, but may I ask you, in Attorney Dexter's questioning of the panel, he referred a number of times to the change in the system's benefit charge as a "rate increase." Do you agree that the change in the SBC should be referred to as a "rate increase"?

A. (Hill) I think it's helpful to refer to it as an "increase" in the SBC rate as opposed to, you know, if you say there's a "doubling" of rates. Typically people might assume that's the doubling of the entire retail rate. And as was just discussed, the SBC charge is a small component of the overall retail rate. So I think generally it will help to inform people more accurately to call it the "SBC rate increase" and not "doubling." Doesn't necessarily mean the overall rates are increasing. So I think referring to it just as "rates" can be -- can lead to some confusion.

Q. Thank you. Also in Attorney Buckley's questioning, he asked you about a statement in your rebuttal testimony regarding a statement you made about a proposed hard cap on the SBC, or the Staff's proposed hard cap on the SBC. You didn't get a chance to fully explain that statement on cross-examination, so I wanted to give you a moment to do that now.

A. (Hill) Yes. Thank you. There's several places in Ms. Nixon's testimony that address the SBC rate increases. For example, on Page 10, Line 3, she states that in 2020, all the SBC rates are below one cent per kWh. As proposed, Eversource has the highest total C&I SBC rate at 2.432 cents per kWh, and all the other Utilities' proposed total SBC rates are under 1.7 cents. Later on that same page, on Line 17, she states the annual increase from 2017 to 2020 was about 20 to 30 percent per year.

There are also a couple places where keeping the SBC rate impact between companies is discussed in her testimony. On Page 13, at Line 18, it says, "But the rates should be somewhat similar between companies." And on Page 14, starting at Line 1 and forward, it then says that's not the case proposed here, where Eversource is at 2.432 cents, while Liberty's C&I customers will see -- will pay half of that in terms of the SBC rate increase.

So what I would note is that the Utilities and the stakeholder planning process that's been described by the different parties here, the planning process and the objectives would be entirely different if the Utilities were given the mandate to develop programs that don't exceed a certain percent increase, 20 to 30 percent annual increase in the SBC rate. It would also be different if the directive was to propose plans and budgets so that the SBC rate impact is the same across all utilities or across all customer sectors, or to limit the SBC rate increase to a specific level. Those aren't the planning framework under which these plans were developed.

From discussions that I've had with Clean Energy New Hampshire's executive director, who was involved in all of the stakeholder meetings, my understanding is on numerous occasions during the stakeholder process, Staff stated positions that the SBC rate increase should be no more than a penny, or perhaps a penny and a quarter. So while I recognize my rebuttal testimony may have overstated Staff's position as being a "hard cap," I think I would perhaps modify that to state that I consider the testimony to put undue weight on the SBC rate impact as opposed to the cost-effectiveness of meeting savings targets, which is the planning framework under which the Plan was developed.

And finally, I would note that Ms. Nixon states on Page 15, at Line 3, "Staff recommends Eversource revise the [sic] C&I customer budgets to better balance short-term rate impacts with the long-term goal of achieving all cost-effective energy efficiency, keeping them more in line with the short-term rate impacts of the other utilities."

That is, in essence, what the Settlement Agreement that Clean Energy New Hampshire supports is proposing. It did just that. So it's up to interpretation what kind of, quote, "more in line," would mean, in terms of more in line with the other rate impacts. But I support the proposed Settlement as an appropriate adjustment and that it explicitly did -- you know, it changed the proposed Plan to address those concerns.

MR. EMERSON: Thank you. That's all I have.

CHAIRWOMAN MARTIN: Okay.

Commissioner Bailey, do you have follow-up questions?

[No verbal response]

CHAIRWOMAN MARTIN: I'm sorry, Mr. Dean.

MR. DEAN: I do have redirect questions for Ms. Woods, which will hopefully be just housekeeping. And by way of a spoiler alert, if you have access to what's been marked as Exhibit 20, that will be the subject of the questions.

REDIRECT EXAMINATION

BY MR. DEAN:

Q. Ms. Woods, do you recall there were a series of questions by Attorney Dexter at the close of Monday's hearing, or near the close, concerning the Utilities' response to a technical session data request that has now been marked for identification as Exhibit 32?

A. (Woods) Yes, I do.

Q. And those questions and that exhibit concern a chart that documented the Utilities' compliance with the 17 percent and 20 percent requirements for the HEA programs?

A. (Woods) Yes.
Q. Do you have in front of you the one-page document that's been marked as Exhibit 20?
A. (Woods) I do.
Q. And did you prepare that document?
A. (Woods) I did.
Q. Thank you. Can you please tell the Commissioners why you prepared Exhibit 20?
A. (Woods) I can. So Attorney Dexter's questions caused me to focus on why the New Hampshire Electric Co-Op's 2022 HEA SBC percentage was slightly less than the 20 percent. As I testified earlier, this drop below the 20 percent was not intended. So I went back and rechecked my original methodology and calculations, and also double-checked to compare my methodology to what the other utilities used in developing their responses to the same data request. When I did that, I discovered that I had mistakenly omitted the necessary allocation of the performance incentive in the HEA SBC funds line in each of the three years. And I also discovered that I had used a slightly

incorrect performance incentive figure in the total SBC funds line in '22 and '23. So I made corrections to these and produced the Exhibit 20.

Q. And how did your corrections impact the resulting NHEC percentages for HEA?

A. (Woods) So the result of these corrections show that NHEC does meet the 20 percent requirement for the HEA SBC funds in all three years.

Q. And do you believe that the NHEC numbers in Exhibit 32 were incorrect?

A. (Woods) Yes, they were.

Q. Okay. And are the numbers in Exhibit 20 for NHEC correct?

A. (Woods) Yes.

Q. Okay. Were the corrected numbers in NHEC arrived at, in Exhibit 20, arrived at by using the same calculated methods as the other utilities used in their preparation of Exhibit 32?

A. (Woods) Yes. The methodology I used to prepare Exhibit 20 is the same that the other utilities used to prepare Exhibit 22 [sic], which now makes them consistent.

MR. DEAN: Thank you. I have no other questions.

CHAIRWOMAN MARTIN: Okay. Thank you.

And we heard some questions from Mr. Krakoff. So I'm wondering if there's any recross from him or -- (connectivity issue)

[Court Reporter interrupts.]

CHAIRWOMAN MARTIN: -- or Mr. Dexter.

MR. DEXTER: I'm sorry, Chairwoman Martin. I didn't hear what you said last except my name.

CHAIRWOMAN MARTIN: I said we had some friendly cross from Mr. Krakoff earlier. So I'm offering him the opportunity to recross, and same for Mr. Dexter.

MR. KRAKOFF: I don't have any recross, Chairwoman. Thank you, though.

CHAIRWOMAN MARTIN: Okay. Mr. Dexter.

MR. DEXTER: I'm sorry, Madam Chair. You're offering me the opportunity to recross on the questions that Attorney Krakoff asked the panel?

CHAIRWOMAN MARTIN: No, just generally.

MR. DEXTER: I think given the hour, I'll pass.

CHAIRWOMAN MARTIN: Okay. Thank you.

All right. Anything else before we adjourn for the day?

[No verbal response]

CHAIRWOMAN MARTIN: Okay. All right. Then these witnesses are released, and we will continue on Monday, December 21st, at 9 a.m. The hearing is adjourned. Thank you, everyone.

(Whereupon Day 3 of the hearing was adjourned at 5:17 p.m., and Day 4 to resume on December 21, 2020 at 9:00 a.m.)

C E R T I F I C A T E

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

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

(ORIGINAL CERTIFICATION FILED WITH PUBLIC UTILITIES COMMISSION)

Susan J. Robidas, LCR/RPR
Licensed Shorthand Court Reporter
Registered Professional Reporter
N.H. LCR No. 44 (RSA 310-A:173)

## $



## [



## A

## E

## J

## U