STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 10, 2020- 2:02 p.m. DAY 1
AFTERNOON SESSION ONLY

[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

Doreen Borden, Clerk
Eric Wind, PUC Remote Hearing Host

APPEARANCES:

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Patrick Taylor, Esq.

Reptg. Liberty Utilities (Granite State Electric) and Liberty Utilities (EnergyNorth Natural Gas), d/b/a Liberty Utilities:
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Reptg. N.H. Electric Cooperative, Inc.:
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WITNESS PANEL:

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

AFTERNOON SESSION
(Resumed at 2:02 p.m.)

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

CHAIRWOMAN MARTIN: Let's go back on the record. Mr. Dexter, you can proceed.

COMMISSIONER BAILEY: Before we start, we can't see you.

CHAIRWOMAN MARTIN: I flickered when I started. Let me see.

(Pause)

CHAIRWOMAN MARTIN: How about now?

Go ahead, Mr. Dexter.

MR. DEXTER: Thank you.

CROSS-EXAMINATION (CONT'D)

BY MR. DEXTER:

Q. I'd like to turn the panel's attention to Exhibit 24, which is a request that Eversource made on November 23rd, 2020 in DE 17-136 to move dollars from the C&I sector to the residential low-income sector. And I'd like to start by asking the witnesses to

confirm that at the time of this letter, it was projected that the C&I sector would be underspent as compared to its proposed budget; that it would only spend 84 percent of its proposed budget for 2020. Is that right?
A. (Peters) Hi, Paul. That is correct. That's what we projected.
A. (Downes) To be clear, that was Eversource only.
Q. And that shortfall, if you will, the underspending, amounted to about $4 million; correct?
A. (Peters) Yes.
Q. And the overspend -- I'm sorry. The request was to use that underspend to address a potential overspend in the residential sector, particularly the low-income program; isn't that right?
A. (Peters) Yes, that's right.
Q. So is it fair to say that in 2020, Eversource projects to spend about $20 million on their C&I sector in the 2020 program?
A. (Peters) Yes, that's what we projected in

that letter.

Q. Right. And is that still the case? It's only less than a month later. I don't assume there's been big changes. Is that fair?

A. (Peters) I don't think it's changed drastically. It may have changed a little bit, but it's probably about --

Q. So I want to compare that to the budget for 2021. And I have two numbers for that budget I want you to comment on because there's a fairly large discrepancy I'm expecting you'll be able to clear up for me.

So I guess I would first go to Exhibit 2, Bates 403, and that's a calculation of the proposed rates. But the first column in that is entitled "Budgets." And it's budgets by sector, I believe. And for Eversource -- this page is only Eversource -- for 2021, I see a C&I budget, actually Column C, of $48,644,000. Do you see that?

A. (Peters) I do.

Q. And before I ask my question, I wanted to also point out that the Settlement Agreement has an attachment to it, Attachment B, that has the Eversource residential -- I'm sorry -- Eversource C&I budgeted at 38,008,000. Can you agree with that?

A. (Peters) I do see that, Paul.

Q. Okay. So before I ask my substantive question, the first question I want to ask is what makes up that $10 million difference? Both of these items are entitled "Eversource Budget, C&I Municipal 2021."

A. (Peters) I may end up needing the assistance of our rates panel because they are the ones that do this calculation that's on Bates Page 403. This is -- so part of it has to do, I think with the rate calculation, is taking into account not just the budget for the sector, but the amount of SBC that needs to be collected from that sector. And as you'll recall, the commercial sector contributes to the low-income program. And so there is money collected in the commercial sector that is not in the commercial sector budget; it gets moved into the low-income budget. And I believe that kind of element there is what has to do with the discrepancy between a program budget that you're seeing in the Settlement Agreement and a rates calculation sheet that is calculating the amount that we need to collect from C&I customers. And it might be worthwhile to have the rates panel confirm that calculation that's done in their worksheet.

(Court Reporter interrupts.)

MR. DEXTER: I apologize. I muted myself.

BY MR. DEXTER:

Q. For purposes of comparing the November 23rd letter, the budget that's in that letter, it sounds like what you're saying, the better apples-to-apples comparison would be the number in the Settlement rather than in the rates calculation page; is that fair?

A. (Peters) Yes. Yup, that would be more of the program spending that we would be doing, that sector, yeah.

Q. Okay. So now I can ask my question. So we're comparing $20 million in 2020 to a projection of $38 million in 2021. Is

Eversource concerned about being able to achieve that budget, that spending --

A. (Peters) Which one?

Q. -- and if so, why or why not?

A. (Peters) The 2021 budget?

Q. Correct. In other words, if you spent 20 million this year, you know, how are you going to spend 38 million next near?

A. (Peters) Sure. So part of what happened this year, which is extremely unusual, is that we actually paused a number of the programs for about four months when COVID first hit, and we were concerned especially about contractor and customer interactions. And we used that pause time to develop, along with expertise from the health and safety sector, a set of protocols that our contractors can use when they are engaging in in-person or on-site activities with customers. And so those protocols are now in place, and our contractors are back at work with customers. So there was a pause that happened in 2020 that we certainly hope would not need to happen again, although you can never predict the future, as we've all learned well this year.

The other thing that happened in 2020 is that some of our large commercial customers have themselves kind of put a pause on their capital expenditures. And while some of those projects that we had hoped to do in 2020 are not coming to fruition during this calendar year, we have remained active with those customers, in terms of communicating, in terms of trying to identify projects that do make sense for them to do. And it is ultimately our hope that they will move forward with these projects, even if it is not happening in the 2020 time frame. And so, you know, we hope to move into 2021 with a good pipeline of projects that we've been working on this year, even if we weren't able to get them completed this year.

The other thing that the next three-year plan brings with it, that this letter kind of -- it would have been different if it was part of the next three-year plan -- is that ability to achieve the goals and expend the budgets over the three-year period. And so this letter reflects the fact that we have only the 2020 time period to spend these budgets and to work with customers on these projects. If in 2021 we were to underspend the commercial sector, we could let that underspent portion of the budget move into 2022 and continue to increase our efforts to bring on more projects. And likewise, if in 2021 we were to overspend the residential sector, we could kind of take, quote, unquote, that overspend from the 2022 budget and adjust our marketing or incentives, et cetera, the next year to bring that back in line so that we are spending the three-year budget, hopefully, you know, in a way that makes sense over the course of three years.

And so I think those are the some of the factors that are kind of why the letter is the way it is and then what might be different in the next plan.

Q. So if I can -- I don't want to paraphrase four pages of transcript in one sentence, but let me try to. It sounds like you're saying that the underspend on C&I in 2020 was essentially due to COVID; correct?

A. (Peters) I think a lot of it was, Paul, yes.

Q. Okay. And in 2021, you're not expecting to encounter the same COVID factors that caused this underspending. You're not forecasting those to continue in 2021; is that fair?

A. We are very hopeful that we won't have to stop the programs in 2021 the way we did in 2020. Obviously, COVID has not gone away, as we all know. But the safety protocols are now in place, in terms of our contractor work. And we have, you know, been monitoring that closely. And there does seem to be some level of good news on the horizon with vaccines and other things. So, you know, I can't predict exactly what will happen with COVID next year. But I do think that we've been working with our customers. We have projects that we will complete. And the three-year time frame will mean that even if there are COVID impacts in 2021, we will have an ability to adjust -- (connectivity issue)

(Court Reporter interrupts.)

A. (Peters) To adjust and to spend the budgets and achieve the goals.

Q. Right. And I don't think anyone would dispute that the COVID impacts are difficult to predict. But I'm just trying to figure out what's in the budget. And again, it sounds to me, and please correct me if I have this wrong, but it sounds to me like the 38 million projected for 2021 spending assumes no negative impacts or adverse impacts on your ability to spend due to COVID; is that right?

A. (Peters) I think we didn't set the Plan based on the budget. And as we looked at the savings targets, we talked about this with the stakeholders. And with the potential study we tried, to the extent we were able, to understand the fact that there would be COVID impacts. The contractor doing the potential study made some adjustments. We all looked at this as we were developing the Plan. And so we are trying to present a plan that recognizes that there are impacts from COVID that may continue into the next three-year plan, which poses some level of risk because the impacts are unknown. And that risk is there, but it is mitigated by the fact that it is a three-year plan and we have a three-year window in which to adjust and to achieve the goals.

Q. So the goals reflected COVID. The 4.5 percent reflected COVID. Is that what you're saying?

A. (Peters) Yeah.

Q. And then, therefore, the budget does make a projection of COVID impacts.

A. (Peters) I think so. The budget flows out of the goals we're trying to achieve. So --

Q. And even with those COVID impacts reflected, you're confident -- or maybe "confident" is not the right word. You're projecting that you'll be able to spend almost double next year on the C&I programs than what you were able to spend in 2020; is that right?

A. (Peters) The budget that is set for 2021 is the budget that is set for 2021. And we will go into 2021 trying to achieve the energy savings and spend the budget that we've projected. And if for some reason we're not able to, we will readjust. We will look at what mechanisms we have to either ramp things up, or if we're going too far, slow things down, so that within the three-year period we would achieve the goals that we've set for ourselves with the budgets that we've set for ourselves. I know it's not a simple answer, but it's not -- you know, kind of implement -- there's a plan on paper, right. And then implementation of the plan, you have to respond to what happens on the ground. It doesn't always follow the paper plan that you made before. But the paper plan provides the framework, and we adjust as we go. If we need to make significant adjustments, we send a letter like this one and, you know, look for approval, and we keep working to try to achieve the goals that we've set.

Q. Right. Well, this actually brings me back to a question I should have asked at the outset, but I forgot because we deferred most of the rates questions.

But at issue before the Commission right

now are three years of rates; correct?
A. (Peters) Yes.
Q. And, you know, absent some further filings by the companies, if these -- if the Commission were to approve the Settlement, then these three years of rates will go into effect each January 1st for the next three years, correct, with no further proceedings?
A. (Peters) That's correct.
Q. So, then, back to 2021 and 2022. If you had a significant underspend in your C&I program in 2021, what would happen to that money that was collected?
A. (Peters) It's my understanding that it would roll into the 2022 budget so that we could utilize it to continue working to achieve the energy savings goals.
Q. But there wouldn't be an automatic reduction in the rates that are set in this case; correct?
A. (Peters) No.
Q. That would be something --
A. (Peters) You are correct. There would not be a reduction. Sorry.

Q. So it would require an action from the utilities to change those rates.
A. (Peters) Yes.
Q. So if the COVID impacts caused an underspend in 2021 and you tried to make that up in 2022 and 2023, isn't it correct, according to Attachment B, that there are already significant increases in 2022 and 2023 even without trying to make up for a slow 2021? These increases are to the tune of $10 million per year for just that sector; correct?
A. (Peters) There are increases built in to that extent, yes.
I think you're on mute, Paul.
Q. Sorry. As we sit here in 2020 -- and I could go through the same line of questioning with the utilities, but I'm going to skip it because I think the idea is here. But this question would actually go to all the utilities.
To the extent that the budgets are increasing in 2021, could you tell the Commission, as we sit here, what steps you

have taken as a company to prepare for this
uptick in spending and activity and savings?

A. (Peters) So for Eversource, I think I just talked about some of them, which includes very significant work with our C&I customers and our residential customers in 2020 to prepare for projects that will happen hopefully in 2021. We also are working with our vendor community to try and increase -- we know that in order to achieve the energy savings, we will need to do more projects each year in the coming three years. So part of doing more projects is having the ability through the vendors to actually go out to the customers and do those projects. So we've been in close communication with our vendor community and working with them on, you know, preparing to ramp up the programs; working with our marketing teams in terms of preparing for outreach and communications and new initiatives, like the Main Streets offering that we started in this three-year plan and that we could roll out more extensively going forward. We're actively working on new MOU -- which is Memorandum of Understanding -- arrangements with some new large customers to achieve savings. So all of those activities are happening in order to ramp up and prepare. And the other utilities may have more.

Q.   Let me follow up before the other utilities answer.

So you mentioned contractors. Is it correct that most of you, all installation work that's projected under this Plan is not done by utility employees, but vendors? Is that right?

A.   (Peters) Yeah, the utility employees are not going out to customer sites doing the actual blowing of insulation or installing of HVAC systems. We work with a whole --

Q.   So can you say specifically how it is that you're confident, if you are, that there will be adequate contractors to perform the projected budgets? Can you tell the Commission specifically, have you signed additional contracts with these vendors or things of that nature?

A. (Peters) Yes. So I know, especially on our midstream offerings, right, which are offerings where we are working with a network of distributors across the state, that network has expanded this year. We expect it to continue expanding. We have a focused effort on that here at Eversource, and I think the other utilities. I'm not completely up to speed on all of our various vendor relationships. We do have some implementation folks available who could speak more to that if -- (connectivity issue)

(Court Reporter interrupts.)

A. (Peters) -- if the Commission is interested in hearing from them at some point during this hearing.

Q. At this point I would ask the other utilities to tell, and they can go in any order they want, to tell the Commission specifically what steps they've taken to meet the projected increase in budgets and savings, not just for 2021, but for the three-year plan.

A. (Downes) So I'll go first, if that's okay with the other utility parties.

I want to first point to the Settlement, which is Exhibit 14, and Paragraph 5 of that. There's a section called "Changes in SBC and LDAC Rates." And there is a provision in the Settlement for if a change -- and I'm quoting -- "If a change is needed to account for collection adjustments or true-ups, any such change to the SBC or LDAC rates approved for the 2021 to 2023 Plan shall be filed for review and approval by the Commission."

So I just want to be careful that we're not anticipating that if the Settlement is approved, that that's it, we're locked into SBC or LDAC rates for three years with no possible change. We absolutely have the intention, as we always have, of keeping an eye on over- and under-collections and adjusting rates if necessary. So I just wanted to clear that up.

In terms of preparing for the next term, as you know, because I know that Staff has been participating, we've had a year now of stakeholder engagement and working with consultants and experts brought in to help facilitate. We've had public listening sessions under the auspices of the EESE Board and its EERS Subcommittee. So it's not a secret that we are intending to expand our activities and increase our goals over the next term. So we are all engaged. As Kate laid out, a lot of those activities are identical for all of the utilities because we share vendors. We are, in preparation for even program year 2021, sharing our draft, you know, the September Plan, with our vendors and contractors so that they're aware of the potential for the dramatic increase in activity that we're proposing. And they're excited, for the most part.

We also have in our Plan efforts to expand work force development opportunities. We do have some constraints in terms of the work force that's available. We are well aware of that and working with our partners to address that. We have an RFP that's been issued to help us address some of those concerns.

But I think, given the economic climate and the interest of contractors in getting back to work, given this current year, that we are actually in a pretty good position to ramp right back up again once things go back even a little bit more to normal.

CHAIRWOMAN MARTIN: Ms. Downes --

WITNESS DOWNES: Yes.

CHAIRWOMAN MARTIN: Can you restate the cite to the Settlement Agreement that you mentioned? I didn't catch it.

MS. DOWNES: Sure. Yup. This is Exhibit 14. And I'll give you the Bates number. It's Bates 13 toward the bottom, and it's Paragraph 5, called "Changes in SBC and LDAC Rates."

A. (Hill) I would briefly note that I think a joint plan from the utilities on a statewide basis for three years is also, by itself, it's a statement that will help to ramp up activity. It's not a year-by-year cycle. It's a three-year cycle, and there's coordination across the utilities. And that sends signals to both the trade allies and the training organizations, et cetera, that this is a significant increase. And that's an important step towards building the capacity to deliver on the savings.

CHAIRWOMAN MARTIN: Just a moment. Looks like we lost Ms. Downes. Oh, there you are. You're back.

Okay. Go ahead.

BY MR. DEXTER:

Q. Also, my question went to the four electric utilities. I don't know if the other two want to add anything. We haven't heard from Liberty or Unitil.

A. (Stanley) Yes, Mr. Dexter, I can -- can you hear me? Okay. Sorry. Thanks.

Yeah. So in addition to what the other panelists commented on, I will also add about a key element that we've been building up this past year and will continue to do so going forward is the creation of various new pathways to engage with our customers. Specifically, a really key change that is going to open up a lot more avenues for us to drive program activity that we're just really scratching the surface on is adjusting our programmatic approach to have more midstream and upstream changes; so, working with equipment distributors and product manufacturers who, in most cases, are the primary touch points with customers, rather than historically we've relied primarily on the direct customer interaction to sell projects and not so much relying again on folks like equipment distributors and whatnot, who are also a key selling point for working with our customers, and particularly our C&I customers. So that's a key change that we see a lot of promise. And we see this working well in our states, and we think there's a lot of opportunity for us to grow here. And this was a subject that was discussed at length during the stakeholder process.

I think the other area that we're working on now that presents a lot of opportunities for us is also the buildout of more online and virtual services. So, for example, we've been very limited historically with the types of services, such as an online marketplace that we offered to customers through New Hampshire Saves and across the utilities. And that's something that we're actively working on now and have been engaged in a process to see where that could be expanded upon, where we could be selling different products and services more directly to customers and having a more viable resource to do that. Also, given the effects of the pandemic, we've almost been forced to look at some of these other services that we haven't considered in the past, such as virtual audits or virtual inspections, but we think also hold a lot of promise and will help us ramp up into the future. So those are just some additional examples I will mention.

I think the other point I would comment on is, as part of the development of the Plan, it was mentioned earlier about how we've taken into account tremendous feedback from lots of different folks, whether it's expert stakeholders, customers. During the summer, we completed primary research on our customers to gauge their direct impact on how they perceived the pandemic impacting their interests in energy efficiency. And we were pleasantly surprised to see that customers are actually telling us that, because of the pandemic, it's not lessening their interest in energy efficiency; in fact, it's the opposite. Across our residential and customers, they're saying they're actually more motivated on average to want to engage in energy efficiency, but they're looking for solutions. They're looking for resources to help with that. And just this past year, certainly for Liberty, and I believe this is the case across the board for the other companies, we've seen record demand across our residential portfolio this year.

There has been more challenges in the C&I market, but a lot of that had to do with the lost momentum earlier in the year, where the majority of our C&I customers, there's typically longer planning cycles for projects that we see in the C&I side than compared to the residential market. So in many cases we're just seeing projects getting deferred out, and that's where having -- for our customers, they want to see certainty in terms of what they can expect for programs and resources going forward in the future to assist with their planning. So we're very confident in the future. Of course, there's unexpected things that we can't anticipate. We couldn't have anticipated the pandemic like it is this year. But we're very confident based on the momentum that we're seeing right now.

Q. Is it correct that the utilities substantially increased the rebates for residential customers during 2020?

A. (Stanley) For certain product offerings.

A. (Peters) I was going to say the Home Performance program was the main area where the incentives were increased this year.

Q. Was that successful in allowing the Company to, at least in Eversource's case, where we have the letter and I have the figures, allowing the Company to meet or even exceed

its residential -- (connectivity issue)
(Court Reporter interrupts.)
Q. Its residential budget.
A. (Peters) Yes, I do think that was a piece of it, Paul. One of the things that we were very concerned about when we had stopped the program for four months was getting it started again and making sure that those contractors didn't kind of lose all capacity to do work in the state. They had furloughed or laid off their employees, many of them. And we wanted to try to ensure a strong marketplace for them to come back to, and, you know, a significant effort to help customers overcome any concerns they might have about implementing work during what might be an uncertain time for them. So we did implement those increased incentives this year. And I do think those increased incentives had their intended effect of kind of spurring the marketplace here in 2020, which has been positive for both the contractors and the customers.
Q. Can you describe in detail the level of the

increases that were offered in the residential programs that you mentioned?

A. (Peters) I can describe the Home Performance increase. The prior incentive in Home Performance was approximately a 50-percent incentive, with a cap of eight -- sorry -- a cap of $4,000 for the incentive. The increased incentive was or is a 90 percent incentive with a cap of $8,000. All of the work must still meet the cost benefit analysis, you know, that all of our programs go through.

Q. Did the companies offer similar rebate increases to C&I customers in 2021?

A. (Peters), Yes we did also increase our incentive offerings for C&I customers. The projects vary much more than the residential projects, and so it's not quite as cut and dry of an explanation. But we are offering enhanced incentives to C&I customers through our portfolios. And in some cases those enhanced incentives are driving activity the way they did in the residential sector. If you look at the small business budget portion of that letter that you're looking at, our small businesses, that budget will be exceeded. But the large customers, those are the customers that, you know, have, as Eric said, these longer planning time periods and oftentimes capital investment budgets that are driven at corporate levels sometimes not even in New Hampshire, where perhaps their corporate level has put a pause on capital investment for the year, or something to that effect. So it's in the large commercial sector that we see the most underspend, where even enhanced incentives were not quite moving things this year.

Q. Do the budgets that are presented in the Settlement project the increased rebates that you just described for 2020?

A. (Peters) No, they do not. I believe our intention for the Home Performance program that I was talking about -- that was the one that increased to 90 percent -- the intention is for 2021 to go down to I think 75 percent rather than all the way back down to 50 percent right away. So we're backing down from that enhanced incentive. We planned for 75 percent.

And then obviously we'll need to keep an eye on, you know, how that works in the marketplace. You want to end up hitting the right incentive level, where you are driving the number of projects that you need, but obviously not over-incentivizing. And so we'll be looking at that as we go. But that's the intention in terms of 2021 at the moment.

Q. And isn't it correct that the rebates on the low-income program, the HEA program, which I believe stands for Home Energy Assistance, are already at 100 percent -- is that right -- and they were in 2020, and they will continue that way in 2021?

A. (Peters) That's correct. Yes.

A. (Downes) Paul, I might add that one of the things that a three-year term is helpful for is giving the utilities and our market, you know, partners in the field, flexibility to respond to market changes with changes to rebates, changes to measures, increases --

you know, new measures coming on. And we intend in the future, as we have in the past, to be fully transparent about those changes with parties. However, we don't expect to need a new filing or, you know, to come back to the Commission for permission for those types of things. And that's been kind of the MO of the programs in the last couple of years. But I think the three-year framework really locks that in and gives us the runway to go do our jobs as experts with our partners in the field in a way that will maximize program effectiveness.

And I can speak from the experience in Massachusetts, where Unitil also has operations, that that is the case there. There is more flexibility and fluidity to the measures that are offered and the rebate levels, and consistent across the companies and with, you know, good consultation behind it. But that is one of the benefits of a three-year framework.

Q. With respect to Unitil and the residential program, what percentage of rebates is projected for those programs for the three years?

A. (Downes) I'm sorry. Can you rephrase that? I'm not -- I'm not sure I understand.

Q. With respect to the budgets that were put forth for Unitil on the residential side, what level of rebate is assumed in those budgets per year?

A. (Downes) Well, we have over a hundred measures. So the rebate is different for each measure, as reflected in the PC models. But as with the other utilities, the Home Performance program for next, starting in 2021, is planned in the BC models to have a rebate of approximately 75 percent of the total cost of the job. Does that answer your question?

Q. And the low-income program is 100 percent. So the --

A. It's always 100 percent.

(Court Reporter interrupts.)

MR. DEXTER: Yes, I can restate the question. I'm just asking Unitil to confirm that their answer would be the same as whatever Eversource just gave a few minutes ago concerning rebates built into the three-year budget.

A. (Downes) For the low-income sector, the rebates are 100 percent. And that's not a change from the past.

Q. So I'd like to direct the panel to Bates Page 16 of Exhibit 1. And this is the page where the utilities discuss the, I don't know if we've used the term "collaborative process" today. The "stakeholder process" I believe is what you've been referring to it today.

Could someone on the utility panel, or anyone on the panel, sort of summarize for us who was involved in the stakeholder process?

A. (Peters) I could start and have others fill in, if that works.

So the Commission set the EESE Board as the primary kind of stakeholder body for the EERS. And I believe it was in the 2019 update order we set out a stakeholder process for creation of this three-year plan. And the way that that kind of came to be or happened is that the EERS Committee of the EESE Board became kind of the place where those stakeholder conversations happened. The EERS Committee had a number of members, many of whom were EESE Board members, but some of whom are not actually members of the EESE Board but were stakeholders that wanted to join the EERS Committee. And that committee began meeting last fall, I believe in November. And we had, for most of the time period from November of 2019 through August of 2020, a twice-a-month meeting of that committee -- there may have been one month where we didn't meet twice -- to talk about kind of all aspects of the Plan, from goal setting to budgets to kind of deep dives into programs and all kinds of various other topics. There was a stakeholder consultant that was hired to kind of help with that process and provide information to the stakeholders; that was VEIC. And the utilities also spent, I think it was 13 individual meetings, with day-long meetings or half-day-long meetings with VEIC going through every program, talking about best practices and ways to do program design to kind of achieve New Hampshire's goals. And that really helped to inform the program, you know, design portions of the Plan.

The utilities submitted an April 1st full draft of the Plan to the Committee and got feedback. And then again on July 1st there were opportunities for public comment provided during the process. I note, you know, PUC Staff can speak to their own role, but Staff members attended. They were not members of the EERS Committee, but attended many, if not all, of the meetings. And members of the public attended various meetings, you know, and provided comments and input where they had them.

So that's kind of a high-level overview. I could kind of keep going, but that seems like enough to start.

Q. Yeah. I'm more interested in who was actually on the committee. You mentioned Staff was present but was not on the committee. Could you tell the Commission who made up the committee, what organizations?

A. (Peters) Let me see. I'm trying to think of where we have a list that I could read off of. I'll tell you what. I will name the members that I can think of, and then perhaps if I missed someone, the other members can fill in.

So we had the Office of Consumer Advocate; we had the Department of Environmental Services; we had Ray Burke, representing The Way Home, as he does in this docket; we had Clean Energy New Hampshire; we had the Acadia Center; we had Conservation Law Foundation; we had Southern New Hampshire Services; we had the Business and Industry Association. We had a member representing a municipal energy committee; that was David Borden. We had GDS Associates as an energy contractor. We had -- each of the utilities had a seat on the EERS Committee. I may be forgetting one or two, but -- oh, we had State Senator Martha Fuller Clark and Representative Dave -- I already said David Borden. He's not a rep right now. Bob

Backus.
Q. And of those members that you listed -- again, excluding Staff who was not a member, but attended -- which of those parties would have been providing input to the group from commercial and industrial customers?
A. (Peters) The BIA was a member kind of specific to that set of customers. I believe Clean Energy New Hampshire has numerous business members of their organization. You know, some of the others are not representing any particular type of business but interact with businesses. I would assume the state senators and representatives would be representing all of their constituents, including businesses. So that's what comes to mind initially.
A. (Stanley) Not to interrupt, but I'd also GDS Associates was certainly representative of the C&I market and was heavily involved in that sector.
Q. And it's been mentioned in a number of places, but again on this page of Exhibit 1, that at the end of the process there was a

plan presented, and the members of the Committee -- I guess, a draft plan was presented. And the members of the Committee voted whether or not to support the filing of that draft plan with the Commission for approval and implementation. Is that right?

A. (Peters) So the utilities provided a full draft on July 1st, and then there was feedback from the Committee. And then the utilities came back to the Committee with a set of proposals, essentially, of adjustments to the July draft that the utilities would make based on the feedback that we received. And to my recollection, the Committee voted on essentially an approval of the July draft as adjusted by the utility proposal. And a primary element of that adjustment was the savings targets of 5 percent for electric and 3 percent for natural gas, although there were probably several other pieces that were discussed in that proposal. And this happened during some of the, you know, discussion meetings over the summer.

Q. All right. And there were budgets associated with that plan that was submitted for vote as well before the Committee; correct?

A. (Peters) The July 1st draft had budgets associated with it, yes.

Q. And the adjusted -- I guess it wasn't a draft in August. But the adjusted proposal that got voted on have budgets -- (connectivity issue)

(Court Reporter interrupts.)

MR. DEXTER: I just asked if the adjusted Plan included budgets as well.

A. (Peters) So we did not redo all of the proposed budgets for the adjustment discussion. We did talk very specifically about how the higher goals would result in higher budgets than had been seen in the July 1 draft, and higher SBC rates than what we had discussed as related to the July 1 draft. And, you know, the approximation of that, the goal was about 20 percent higher and the budgets and SBC rates would be about that much higher.

So you're correct, Paul. We did not have kind of full budget documents the way that we do for the filings that we see before us now, but we did talk about the concept of increased budgets.

Q. And with respect to proposed rates, the rates had not been calculated and presented to the group in either the July -- or the adjusted July proposals; is that true?

A. (Peters) We did not do full rate calculations for those proposals. We did provide, I think at the request of Staff to the Committee, some estimates on the rate impacts of the July 1 Plan. And we discussed that, you know, those estimates would increase if we were to increase the savings.

But really, you cannot do the full rate impact analysis until you are finished doing the benefit-cost modeling because you need to understand all of the kind of more exact numbers on energy savings and where they are coming from in order to then calculate accurate rates, calculate accurate lost base revenue, for those of us who have lost base revenue, and think about the other kind of things like the Forward Capacity Market, funding that comes in, those sorts of things. So you really can't calculate the rates until everything else is finished.

Q. And I put into the record, and I don't have them up on my screen, but the minutes from two of these committee meetings back in February. One was February 3rd and one was February 10th. And my reading of those minutes, and my recollection of those meetings, indicated that Staff, who's not a member of the Committee but who attended each and every one of the meetings, expressed concerns over what at the time were projected to be about 35 percent per year budget increases that were being discussed back in February. Is that your recollection and your reading of the minutes?

A. (Peters) Yup. I remember that, Paul.

Q. And at the same meeting or the next one -- again, the minutes are in the record. We can look at some -- isn't it correct that the BIA representative expressed essentially the same concerns as Staff concerning year over year budget increases and what we all expected to be the rate increases that would go along with that?

A. (Peters) I remember the BIA expressing some of those concerns, yes.

Q. And when it all went through the process and ultimately came to a vote in August, I think it was August 10th, Staff, not being a voting member of the Committee, did not vote; correct?

A. (Peters) That's correct.

Q. When the BIA cast their vote, do you recall the BIA expressing, while voting in favor of the Plan, continuing to express concerns over potential rate impacts on the proposed budgets?

MR. KREIS: Okay. I am -- hold on. I need to object to this whole line of questioning at this point. Now, I realize the rules of evidence don't apply here. But the Business and Industry Association made a choice not to intervene in this proceeding. They're not here. The person to whom Mr. Dexter is referring is not here. And, you know, Mr. Dexter is asking Ms. Peters to characterize things that she heard at a meeting. It really isn't calculated to develop either reliable or even relevant evidence. It really doesn't matter who said what at EERS Committee meetings back in August or back in February. The question is: Is the Plan, as conditioned by the Settlement Agreement, in the public interest? And I don't understand how any of this is remotely relevant. The Business and Industry Association, as everybody in this virtual room knows, filed a letter with the Commission that is in the pile of comments. That letter, which is not evidence, speaks for itself. But Mr. Dexter trying to get those concerns into evidence by asking Ms. Peters these questions is manifestly unfair, and I object.

CHAIRWOMAN MARTIN: Mr. Dexter. You're on mute.

MR. DEXTER: There's a couple ways I could go about this. One is I would introduce the minutes of the meeting of August 10 of the Committee. But I was informed by the minute-taker that those minutes don't exist, so I can't do that. So I'm asking -- and this question -- Ms. Peters is answering the questions. But everybody on the panel, with the exception of Mr. Hill, I think, was at that meeting. And I think it's highly relevant, where what's been reported is the results of a yes or no vote. I think it's highly relevant that there were comments that went along with that vote that I believe should be recorded in the record here. And the vote is what it is. We can move on to the letters momentarily. But it's the utilities that brought up this process and this vote in their Plan. I just want to make sure that the record on that vote is complete.

CHAIRWOMAN MARTIN: Because the vote is specifically referenced by the Settlement Agreement and the Plan, I will allow it, and we will give it the weight it deserves.

MR. KRAKOFF: I'd also like to object on hearsay grounds. I mean, yeah, it's not present either. I know the rules of evidence particularly don't apply, but I'd like to note my hearsay objection.

CHAIRWOMAN MARTIN: Thank you. Noted. And I will still overrule the objection.

A. (Peters) I'm unclear if there's a question that I'm supposed to be answering now or if there's some other discussion that needs to happen first. So if someone could just let me know.

CHAIRWOMAN MARTIN: You can answer the question.

A. (Peters) Paul, can you just remind me of the question?

BY MR. DEXTER:

Q. My question is when the BIA voted on August 10th at the EERS Committee meeting to support the Plan for filing before the Commission, did they at that time express concerns over the budget increases and the expected rate increases that would go along with that, similar to the concerns that you just stated you recall them making back in

February?

A. (Peters) I recall them voting in support of the Plan but kind of reserving the right, that they didn't know what the final rates were. And to that extent, the utilities have to take the information that we've gotten from the Committee, primary of which is a consensus on the energy savings targets that we should use to develop the September 1 Plan, and, you know, finalize -- you know, shift from the draft to the final plan. And that, as we've discussed before, is kind of the primary driver of what turned into the September 1 filing. And that energy savings target did seem to have support and consensus from the Committee, you know, regardless of whether the BIA or even other members expressed kind of a -- with the exception that we don't know the final X, Y or Z element, because the timing was such that we could not present a final plan to the Committee and to the Commission at the same time. We had to get the Committee's feedback, understand it as much as we possibly could, and then use that feedback to develop a plan to file with the Commission.

Q. Since the filing of the Plan, have you had specific conversations with your C&I customers, and particularly your large C&I customers, about the Plan and about the proposed rate impacts once they were filed on September 1st; and if so, what was the message you heard back from your customers?

A. (Peters) I have not personally had any one-on-one conversations with our C&I customers that I can recall. I did attend a meeting of the BIA -- I forget the name of the committee, energy committee, manufacturing committee possibly -- where the September 1 Plan was discussed. And there was discussion about rate impacts and what those might mean for the members. I also used that opportunity to talk to the members who were there about how much we wanted to work with them to implement efficiency to reduce their bill impacts. So I was part of that conversation that happened.

A. (Stanley) Paul, I can offer, too, that my team has had interactions with some of our largest customers in terms of the next three-year period. And with several of our customers, some of the largest customers that we serve, we've generally had a response of excitement, of encouragement, where customers planning multi-year efforts for investments are looking for more clarity in terms of what is going to be there for services. So we've not seen the kind of dark cloud response or concern about bill impacts. Again, this is coming from some of our largest customers we serve both on the electric and natural gas side.

MR. KREIS: I just want to note my ongoing objection to this whole line of questioning. I mean, rates -- the Commission doesn't run rate proceedings as if they're popularity contests. And what individual customers may or may not have said to anybody, particularly the utilities, about whether they like these rates or not just simply is not relevant. This is a waste of time.

CHAIRWOMAN MARTIN: Mr. Dexter.

MR. DEXTER: I'm not sure how to respond. The question was answered by two of the utilities. If the other utilities wanted to add to it, I'd certainly be happy to hear that; and if not, I'd be happy to move on to another question. But obviously it's up to the Chair on how to proceed.

CHAIRWOMAN MARTIN:

MS. DOWNES: Well -- okay --

MR. DEXTER: But I guess I should have said that I fundamentally disagree with the notion that customer reaction to proposed rate increases are not relevant to a proceeding where rates are being set. I think that's fundamentally wrong.

CHAIRWOMAN MARTIN: And I apologize for interjecting on a different basis right now, but it looks like Ms. Mineau dropped off. Do we need to wait for her, Mr. Emerson?

MR. EMERSON: No. She had to leave for a different meeting, so she's not participating. But that is fine. We can proceed.

And I would also just like to note that I have the same strong concerns that Mr. Kreis has regarding the line of questioning.

CHAIRWOMAN MARTIN: Okay. Thank you.

And Mr. Dexter, I think we're moving on at this point.

MR. DEXTER: Well, as I said, I welcome an answer from the other two utilities. But if you're instructing me to move on, I will move on.

CHAIRWOMAN MARTIN: I'm instructing you to move on.

BY MR. DEXTER:

Q. So as Mr. Kreis indicated, there are two letters from the BIA that are in the Comments file --

MR. KREIS: Okay. I object, I object. The comments are not evidence. And I refuse to go along with Staff getting those comments into evidence. That is not kosher.

CHAIRWOMAN MARTIN: Mr. Kreis, I haven't actually heard the entire statement, so if we can just hear what he's going to say before you object, I would appreciate it.

MR. KREIS: Fair enough.

MR. DEXTER: I wanted to pull -- there were two letters. And I guess I'll go with the first letter which was filed -- well, it was filed before the second letter. And my understanding of the first letter is that it requested that the utilities -- I'm sorry. I'm mixing up the --

CHAIRWOMAN MARTIN: Mr. Dexter, can you clarify what letters you're talking about so that I have a better understanding?

MR. DEXTER: Yes. I actually wanted to ask about three letters, and I'm mixing them up in my mind. So let me start again.

There was a letter filed, and if I open up the Comments file, I can give you the exact date. But there was a letter filed from a group of legislators to the Commission that asked the Commission to, quote, unquote, suspend the docket indefinitely.

And my question to the utilities

would be, hypothetically, if the Commission were to follow that advice and, quote, unquote, suspend the docket indefinitely, what impacts would that have on the proposed -- well, what impacts would that have on their ability to provide energy efficiency programs?

CHAIRWOMAN MARTIN: So Mr. Dexter, you're not seeking to introduce those comments as exhibits or evidence.

MR. DEXTER: No. That's correct. I'd just like the utilities to comment on that suggestion. And I understand that there's probably some ambiguity as to what it means to, quote, unquote, suspend the docket. But I'd like to hear the utilities' reaction to that.

MR. KREIS: But wait. I object. That question basically assumes facts that aren't in evidence. So what Mr. Dexter is doing is working those letters into evidence in a backdoor fashion. And, you know, to state the obvious, and at the risk of saying something crass, the very first name on one of those letters is no longer alive. So it doesn't -- it's just not appropriate to waste time in this hearing talking about what those letter writers may or may not have asked the Commission to do, and why. And so sneaking that into evidence by asking the utility witnesses, well, what would you do if the Commission agreed with those letters, that is not --

MR. KRAKOFF: I also disagree with --

(Court Reporter interrupts.)

CHAIRWOMAN MARTIN: I'm going to overrule the objection, although I think the question should go to, procedurally, suspension as opposed to where the source of that comes from. So I agree with Mr. Kreis as to the comments. But I would be interested in hearing the answer to the question procedurally.

MR. KRAKOFF: I would object on --

(Court Reporter interrupts.)

CHAIRWOMAN MARTIN: Mr. Krakoff.

MR. KRAKOFF: Nick Krakoff from

CLF. And I said that I object on the grounds that it's speculative. The utilities don't know the answer to that question, and I don't think they should be forced to answer that question.

CHAIRWOMAN MARTIN:

MR. TAYLOR: Commissioner, this is Patrick Taylor from Unitil. And I understand that you've overruled Attorney Kreis's objection. I do just want to point out that if Mr. Dexter is allowed to proceed with this hypothetical, that no party to this docket has actually put any such proposal before the Commission in the record.

CHAIRWOMAN MARTIN: Thank you.

And I think we've lost track of the question at this point because Mr. Krakoff said the utilities hadn't answered the question.

So Mr. Dexter, can you frame this question in a way that does not include the comments and we can see where we can go from there?

BY MR. DEXTER:

Q. If the Commission decided to not rule on this docket, is it correct, in the utilities' viewpoint, that they would have no authority to offer energy efficiency programs in 2021 because the previously approved program and rates expire at the end of 2020?

MR. KRAKOFF: Objection --

MR. KREIS: Okay, I object --

(Court Reporter interrupts.)

MR. KREIS: My objection, and I'm not sure what Mr. Krakoff said, but my objection is that the question calls for a legal opinion that the witnesses are not qualified to offer.

MR. KRAKOFF: And this is Nick from CLF. I was going to make the same objection.

CHAIRWOMAN MARTIN: Okay. On that basis I will sustain the objection.

BY MR. DEXTER:

Q. If the Commission were to say to the utilities, let's take the current SBC rate and the current budgets that were approved for 2020 and apply them to 2021, what impact would that have on the utilities? How would that impact the utilities' implementation of EE programs in 2021?

A. (Peters) I don't hear anyone interrupting, so I'm going to answer that one.

I think, Paul, it would require us to essentially create a plan for 2021 with that SBC rate and that budget. The 2020 Plan in its entirety does not kind of completely cut and paste into 2021. As we talked about earlier, there are certain elements of the energy savings assumptions. The TRM has been written, the Technical Resource Manual, for how we calculate savings, and those calculations are different for 2021 than they were for 2020. So the energy savings that we might achieve with the 2020 budget in 2021 would be different. We would need to model the new 2021, if that were the case with the budget, and we would have to make some decisions about what offerings we're making to utilize those funds. We have new elements to the Plan that we intend to do in 2021, some of which are important. We talked a little bit ago about workforce development as something that needs to be addressed here in New Hampshire. We have a codes and standards effort proposed that really needs a couple years of work before it gets implemented. We have midstream measures, as Eric was talking about, where we're working with distributors in the marketplace in new ways. And so I think we would need to take a step where we essentially did a plan utilizing whatever budget it was that the Commission approved, and that plan would not look like the current three-year plan that we've proposed, and it would not look like the current 2020 Plan. It would require us to create something kind of new for this new circumstance that you are asking about.

Q. And similarly --

A. (Stanley) Can I also add to that?

Q. Sure.

A. (Stanley) Sorry. I would also add, in addition to that, all things being equal, the savings to be achieved would be notably lower than what's currently in the 2020 Plan because of these newly applied assumptions that we would anticipate still needing to apply because of changes to market baselines and whatnot: The finalization of the Technical Reference Manual that's being completed now and, in addition to, as Kate mentioned, essentially gutting certain efforts that we're already in the midst of developing now to transition effectively into 2021. A notable example on the gas side is Liberty's proposed aerial infrared mapping project that we see as a key effort to drive residential program savings into the future.

Q. And similarly, if the Commission were to take a different tact, and instead of doing what I posed in the last question, but instead said something like we would direct you to develop a plan with savings targets that were lower than what was proposed in the Settlement -- I'm going to make up a number, say 3.5 percent on electric and maybe 2.5 percent on gas -- what steps would the utilities go through to comply with the directive, and what sort of impact would that have on your ability to offer plans in 2021?

A. (Peters) So I think similarly, just in a different lens, we would need to relook at the benefit-cost models and the proposed program offerings and the proposed budgets and rate base and determine how to adjust all of those in a way that got us to the new directive that the Commission had given us.

A. (Downes) I would add that it also calls into question what the stakeholder process was intended to do. Because if we are -- if we were to be ordered to develop a plan with sort of fiated lower goals, sort of somewhat arbitrarily, it would not be clear whether we were to do that on our own as utilities or if we are to engage with the folks that we've been engaging with for literally the last year. And time, of course, is needed to undertake a stakeholder process. So I just want to point out that we didn't get here overnight. We've gotten here over the course of a year. So we could throw something together, but it wouldn't necessarily reflect the best efforts of not only the utility folks, but the stakeholders that we've engaged with.

Q. The efforts that the three of you have described in response to those two hypotheticals, how similar or different would they be from what it was that I assume you went through in the time period between when the Plan was filed and settlement talks began and a settlement was filed with the adjusted goals?

A. (Downes) The adjusted goals -- so there were two things that happened. And I want to be careful not to discuss, you know, confidential settlement discussions. But the two primary adjustments were to Eversource's budgets and to apply certain evaluation assumptions that were of high import to all stake -- to several stakeholders, and those include the realization rate adjustments and the net to gross adjustments which are described in the Settlement.

For all but Eversource, the only change that happened between the September 1 filing and the Settlement filing was the application of those evaluation adjustments to measures, including some updates from the TRM, the Technical Reference Manual that we are finalizing. It was that that primarily reduced our savings goal. And then Eversource reducing its budget and being the largest electric utility in the state had an impact also on the level of savings goal.

So to get back around to your question, it wasn't the same thing between September 1st and settlement as it would be to say drop another -- you know, go from 4-1/2 percent to 3-1/2 percent and figure it out, because that means we are -- we're really starting over at that point. That's a significant -- it's a 25 percent drop in our savings. It's going to implicate a whole lot of things.

Q. Well, to the extent that Ms. Downes indicated that most of the changes in the Settlement sort of fell in Eversource's column, I'd like Eversource to respond to my question.

A. (Peters) You know, I think, Paul, obviously if the Commission ordered us to do something, we would make all effort to figure out how to do it and to come back with a proposal to do it. And so I don't think any of us want to come across as, you know, we couldn't accomplish a Commission order if we were given one. I think what we're trying to do is to be clear that a significant change to budget or savings targets would require a rethinking of the Plan or the year or whatever the time frame was compared to what we've proposed. And that rethinking should be done in a thoughtful way because we ultimately want to make sure that our customers and our contractors in the marketplace maintain a sense of continuity, that they are not left feeling like the programs are uncertain or that they can't be relied upon, because we want to make sure that New Hampshire has the ability to continue achieving energy efficiency into the future. And to do that, we need dedicated contractors who are in business to do the work and not worry that they're going to have to go out of business because they don't have the support of the programs. And we need customers who are maintaining a kind of continual and increasing level of interest, which requires us to engage with them and to market to them and to be kind of getting our contractors to do the same. And so we would just have to be very thoughtful about how we went about it and try to do it in a way, you know, that maximizes all those things I just talked about. And to do so is not something that you can probably do effectively in a couple weeks. I'm not sure exactly what the right time frame would be. But I think we would want to do whatever the Commission told us to, but do it in as thoughtful a way as we can. And as Mary said, we would need some direction as to what other voices are involved in that discussion.

A. (Downes) So can I bring up one other point here? I think one of the things that was a very integral part of building the budgets and achieving the savings in the places where there's the most opportunity is that we changed how we were calculating the system benefit charge and just aggregated it to a residential charge and a commercial charge. So depending on -- so there is a different SBC rate for residential and for commercial. And depending on which approach or how it comes back, that could actually have a fairly significant impact on, you know, what we would be able to do in a new plan at this point. So it definitely could have an impact I think. And it was a deliberate change that we made to enable us to be able to really focus on, you know, the things that came out in the stakeholder process from the technical potential study and looking at where the opportunities are and how we could maximize the cost-effective use of the ratepayer money.

Q. Okay. I do have some questions on the now sector-specific rates, but I was saving those for the rate panel.

I would like to talk about the bill impact analysis that was provided as Attachment M. I believe it's in Exhibit 2 at Bates 706. And I'm going to try to find that on my screen.

A. (Downes) Paul, speaking for Unitil, that might also be a bill and rate impact set of questions.

Q. I'm happy to defer the questions if the panel is telling me that the next panel is more familiar with the contents of Exhibit M. My understanding is it was done by a consultant who's not here. So I guess I'm looking to talk to the utility people that were most involved in that study.

A. (Downes) The tool was developed by a consultant, but the numbers are based on information internal to the companies. And as I said, I'm speaking for Unitil. I am not the person who can speak to Attachment M.

MR. TAYLOR: Paul, sorry. What Bates pages are you on in Exhibit 2?

MR. DEXTER: Attachment M is a study that talks about bill impacts and rate impacts, and it starts at Bates 706 of Exhibit 2.

(Pause)

MR. DEXTER: Should I proceed with questions, or did the attorneys want to defer this to the other panel? And again, I'm fine either way. Whichever panel you think is best to...

MR. SHEEHAN: Paul, on behalf of Liberty, I'm trying to confirm, as we are from different locations, whether this is appropriate for Heather or Eric.

MR. DEXTER: Sure. I honestly think, you know, having been familiar with the materials and been through all this, I think it's probably a combination of both. And so one suggestion I would have would be to pose the questions to the rates panel. But to the extent the rates panel wanted to defer to one or other of the people that are on this panel, you know, maybe promote them as needed. Something like that. I think fundamentally it's more like a rates panel question. But that's just my two cents.

MR. TAYLOR: My understanding from Unitil, in any event, is that this is a question that's better handled by the rate -- this attachment is something that the rates panel can speak to, or at least our rates witness. I don't want to speak for the other utilities.

MS. CHIAVARA: Eversource has staff resources available for this. They weren't necessarily slated on either the rates panel or the panel for the Plan. But we can make appropriate staff available to answer questions, if that's -- if it's felt that that's necessary.

CHAIRWOMAN MARTIN: Are they available now, Ms. Chiavara?

MS. CHIAVARA: I mean now as in -- I mean, today, yes. Sorry. This is happening in real time. Yes, I can get someone today.

CHAIRWOMAN MARTIN: No. I'm asking whether they are actually available at this moment or whether they would be better called upon during the rate panel.

MS. CHIAVARA: It appears that someone is available right now. We would have to technologically bring them up into the participation realm of things and swear them in.

MR. DEXTER: Madam Chairwoman, if I might suggest, I've been talking a lot today. And Attorney Buckley has some questions on completely different topics than what I've talked about today. I would like to turn the microphone over to Attorney Buckley, and at the end of that, I would like to come back and address these questions about Attachment M. And then I also have some questions about performance incentives and loss base revenues and a few other smaller items. But now, having drawn attention to Attachment M, I really think at this point I would recommend that I hold off those questions and raise them with the rates panel, with possible input from other folks as needed.

CHAIRWOMAN MARTIN: Okay. So it sounds like, Ms. Chiavara, we do not need to do that at this moment.

Mr. Dexter, you're turning it over to Mr. Buckley right now?

MR. DEXTER: That's what I propose to do. If that's all right with the Chair, that's what I will do.

CHAIRWOMAN MARTIN: Fine. Go ahead, Mr. Buckley.

MR. BUCKLEY: Thank you, Madam Chair. Like Mr. Dexter, my questions will generally be addressed to the panel, and whoever is best suited to answer can please feel free to do so -- (connectivity issue)

CHAIRWOMAN MARTIN: Ms. Robidas, can you hear Mr. Buckley?

(Discussion off the record.)

MR. BUCKLEY: I will have a couple of questions for individuals on the panel, in which case I will address them to the individuals.

CROSS-EXAMINATION

BY MR. BUCKLEY:

Q. So my first question actually I think is for Ms. Peters. In Exhibit 1, at Bates Page 15, that's the Plan, it talks about how supportive the state energy strategy is for -- (connectivity issue)

(Discussion off the record.)

Q. So I was asking Ms. Peters about the support

in the state energy strategy for cost-effective investments in energy efficiency.
A. (Peters) Yes.
Q. And can you tell me who wrote and released that state energy strategy?
A. (Peters) So according to what we have written on this page, it was released by Governor Sununu in April of 2018.
Q. And so would it be correct to say that it was released by Governor Sununu and the Office of Strategic Initiatives?
A. (Peters) Yes.
Q. And can you tell me, is the Office of Strategic Initiatives on the EESE Board?
A. (Peters) They are.
Q. And did the EESE Board take a vote on the energy -- on the Plan that we're considering today?
A. (Peters) Yes, they did. Well, actually, I should preface that. They took the same type of vote that we just described with Mr. Dexter, in terms of what they were presented with was the July 1 draft and a series of

adjustments that we would make to the July 1 draft. They didn't see anything different than what the EERS Committee had seen, except they did have the benefit of knowing the EERS Committee's vote on it which had happened prior.

Q. And did the Office of Strategic Initiatives vote?

A. (Peters) Yes. To my recollection, they were there and they voted that they could not support the Plan at this time, I believe they noted due to the fact that there is legislation that would at some point require legislative authority for increases to the SBC rates. I think that's what he referenced when making the vote.

Q. Thank you, Ms. Peters. Now I'm going to turn to Mr. Hill.

Mr. Hill, at Page 2 of your rebuttal testimony, you express a concern for Staff's proposed hard cap on the SBC; is that correct?

A. (Hill) Yes.

Q. And can you tell me where in the record Staff

has expressed such a concern?
A. (Hill) I'm not sure I have a specific citation for you right now. My understanding is that there was a specific level above which Staff was concerned that the rate should not be increased.
Q. Would it be helpful if I directed you to the portion of Staff's testimony discussing rate impacts?
A. (Hill) It might be, yes.
Q. So that would be Exhibit 8, which is the testimony of Ms. Nixon, at Bates Page 15, and it would be the first bullet I think. And I think that same language appears at Bates Page 35, if I'm correct. Have you had a chance to review that language?
A. (Hill) I'm not finding that language right now. So Exhibit 8 you're saying? I'm not...
Q. Would it be helpful if I read it for you? It's maybe four lines long, three lines long.
A. (Hill) That might be appropriate.
Q. Okay. So it states, "Staff recommends Eversource revise its 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."

I'm hard-pressed to find language in there about a hard cap. Would that be --

CHAIRWOMAN MARTIN: Mr. Buckley.

MR. BUCKLEY: Yes.

CHAIRWOMAN MARTIN: We just lost video on Mr. Dexter. Are you comfortable proceeding?

MR. BUCKLEY: I am.

CHAIRWOMAN MARTIN: All right. Go ahead.

A. (Hill) The statement that you just read does not reference a hard cap on rate increases.

Q. And would it be fair to say -- (connectivity issue)

(Court Reporter interrupts.)

MR. EMERSON: This is Eli. I'd just say that if Mr. Buckley could give Mr. Hill some time to go through the testimony to find it, to see if he could, the particular part that he was referencing in his rebuttal testimony.

MR. BUCKLEY: That's fair. I can move on if that's helpful. And if you want to talk about this again, please feel free to bring it forward.

A. (Hill) Thank you.

Q. No problem.

So now I'm going to turn to the utility rebuttal testimony at Page 11. And that would be Exhibit 13. Now I'm going to address just the panel more broadly, and whoever feels free to answer can do so.

So at Page 11 of the utilities' rebuttal testimony, it states that, quote, The concerns expressed in Staff's testimony appear to be based on inaccurate and/or incomplete information and does not appear germane to the issues relating to the proposed SBC rates, and then cites filings from Rhode Island and Massachusetts in support of those assertions; is that correct?

CHAIRWOMAN MARTIN:

A. (Peters) Yes, that's what that is.

Q. So is it your position, judging from this rebuttal testimony, that the C&I SBC rates in Massachusetts, and those requested for approval in Rhode Island, are higher than the ones requested for approval by the Settlement Agreement before the Commission today?

A. (Peters) So I'm not kind of a procedural person. Is it all right for me to reference another exhibit in this response?

Q. I think that would be fine. And I could even introduce the exhibit, if that's helpful.

A. (Peters) I just need to figure out which number it is.

CHAIRWOMAN MARTIN: Mr. Buckley.

MR. BUCKLEY: Yes.

CHAIRWOMAN MARTIN: Can you say the page in Exhibit 13 again that you're reading from?

MR. BUCKLEY: That would be Page 11, I believe.

MR. TAYLOR: It's Bates Page 12.

MR. BUCKLEY: Page 12. Sorry.

CHAIRWOMAN MARTIN: Thank you.

A. (Peters) So the utilities have put together Exhibit 16. We gathered the additional rates information from other states for both the C&I & I and the residential sectors in a chart format to make it a little easier to reference.

And so I think in response to Mr. Buckley's question about the C&I SBC rates, we see from this chart that the 2021 rate for Eversource that we've proposed is lower than the Rhode Island rate. It is slightly higher than the Massachusetts C&I rate. Although, I will note that the Massachusetts C&I rate there, the proposed rate for 2021 was higher than the Eversource proposed rate in New Hampshire, but they had a significant under-collection, which then adjusted their EERS adjustment mechanism, resulting in it being lower. That's a little bit of commentary.

As you can see, the residential rates for Massachusetts in 2021 are much higher than those proposed by Eversource or the other companies in New Hampshire.

Q. So you would agree, then, that the C&I customer rates proposed in the three-year plan under consideration here today are all higher than the Massachusetts C&I customer SBC rates, for all-in energy efficiency rates.

A. (Peters) I wouldn't say all. I would say that the Eversource New Hampshire C&I rate appears to be higher than the Massachusetts Eversource rate.

Q. Okay.

A. (Mosenthal) If I could just make a clarification. What Kate is referencing, that the Eversource rate is higher than, is a plan rate for the future. Eversource's proposed 2021 rate is in fact lower than Massachusetts's current SBC rate.

A. (Peters) That may not be -- so part of the confusion here may be that the Massachusetts rate is not set on a calendar year basis as we do but on a fiscal year basis. And so there is a current Massachusetts -- and then in Massachusetts there's an SBC portion and then EERF portion. This chart that the utilities have put together, the Massachusetts line represents both the SBC portion and the EERF portion of the rate that is currently in effect as of July 1 of 2020 and will be in effect until July 1 of 2021. So the calendar years do not match. It's a little bit -- it's difficult to have an apples-to-apples comparison here. I just want to --

A. (Mosenthal) I apologize --

A. (Peters) Yeah.

A. (Mosenthal) I stand corrected. I was looking at the graph in the 2020 rate, the rate listed as 2020. But I understand now it's --

A. (Peters) Yeah. Sorry. I'm trying to be as accurate as possible without being too confusing. And I don't know if I've succeeded.

Q. And so could I turn your attention to Exhibit 27.

A. (Peters) Sure.

Q. Do you recognize Exhibit 27?

A. (Peters) Yes.

Q. And can you tell me what it is?

A. (Peters) It appears to be the Eversource tariff for Massachusetts.

Q. And would it be accurate to say that this also happens to be cited in the utilities' joint rebuttal at Footnote 1?

A. (Peters) Yes.

Q. If you clicked that hyperlink, it would lead to this document?

A. (Peters) Yes.

Q. And can you tell me where on this document it shows that the C&I SBC rate is higher than the Eversource C&I rate?

A. (Peters) You know what, Brian? This may have to do with some of the confusion that I was just trying to explain. And it may be that the testimony should have had an additional reference, which was the proposed SBC rate for 2021 in Massachusetts, which was then reconciled to a lower amount due to an over-collection. So this rate, this .00893 commercial rate, which is the same rate that is reflected in the utilities' chart for 2021 in the exhibit that we provided, is in fact slightly lower than the Eversource proposed 2021 C&I SBC rate. And so there's some confusion there in terms of Massachusetts, with what was proposed, what is in effect now, and how the calendar years cross in Massachusetts.

Q. And now can I ask you to turn to Exhibit 28, please?

A. (Peters) Sure.

Q. Can you tell me when you're there?

A. (Peters) I am here.

Q. And so do you recognize the documents included at Bates Page 2 through 20 of this exhibit, which I can let you know also happen to be cited in the utilities' joint rebuttal testimony at Footnotes 2 and 3?

A. (Peters) Yup.

Q. And so can you confirm what these documents are, or rather, what they're excerpts from?

A. (Peters) To my understanding, they are part of the Rhode Island plan that has been proposed for the next three years for energy efficiency, similar to the Plan that we're talking about in New Hampshire now.

Q. And can we turn to -- maybe we'll start from the beginning. Can you turn to Bates Page 4 of this document?

Are you aware that the Rhode Island program administrators, when they propose a three-year plan, provide only illustrative budgets for years two and three? So if you want to look to Paragraph 2 of Bates Page 4, does that sound correct to you, that the 2022 and 2023 budgets in Rhode Island are illustrative?
A. (Peters) If that's what you're telling me, I totally believe you. It sounds like it's similar to how we did the 2018 to 2020 Plan here in New Hampshire. We provided budgets for all three years and then did yearly updates. That sounds like what you're describing.
Q. Thank you. And now if I could ask you to turn to Bates 148 of this exhibit -- or not 148, sorry -- Bates 11 of this exhibit.
A. (Peters) Yup. Hold on one moment. Okay. I'm there.
Q. So would it be fair to say that this, judging from the title at the top of this rates chart, is base case electric funding. And then in Row 17 it shows the energy efficiency

program charge rate proposed?
A. (Peters) That's what it looks like.
Q. Would it be fair to say that the SBC dollar per kilowatt hour proposed -- or, rather, energy efficiency funding dollar per kilowatt hour proposed remains flat from 2020 to 2021?
A. (Peters) Yes.
Q. And then does it go up to some degree in 2022 and 2023?
A. (Peters) Yup.
Q. And then if you would go to Bates 13 of this document. Would it be fair to say, judging from the title on this rates chart, that it presents an electric funding plan scenario? And then judging from Row 17, it, too, keeps the SBC flat between 2020 and 2021 and then has a slightly higher rate increase for 2022 and 2023; is that correct?
A. (Peters) Yeah. And I think what's important about this Rhode Island plan is that Rhode Island right now is the only state that we have this comparison, or at least that I have, for 2022 and 2023, in terms of trying to project what those years will look like

and what those rates will be. Massachusetts has not done their plan yet. And I didn't have any other comparable 2022 or 2023 proposals from other states.

And so what New Hampshire is doing in this three-year plan is looking out into the next three years, which contains some significant market changes as we've discussed. And the Rhode Island plan here seems to be another state that is looking out to those two years. What the relationship between their 2020 programs and their 2021 programs is, I don't know. They're starting out with higher rates than we are, just to start with. And I'm not, you know, fully informed on any conversations that are happening in Rhode Island, in terms of why they approached it with this flat from 2020 to 2021 that you are pointing out here.

Q. And so noting that there are two different proposals here for their three-year plan, my question for you is: Did the utilities, or administrators, rather, contemplate providing something similar for the New Hampshire

Public Utilities Commission?

A. (Peters) So as I talked about earlier, we have a potential study. And I believe Rhode Island also uses a potential study to look at these low and medium and high-type scenarios, right. And as I noted earlier today, the medium scenario of the potential study presents energy savings targets that are higher than what we have proposed here in the Settlement. I think it takes a great deal of thought and effort to create a plan, a full plan that is balanced and a solid proposal as we were just talking about a few minutes ago. And so while it might not be impossible to present two full plans, I think that the time and resources that we have spent developing what we believe is a reasonable and thoughtful and executable plan have been worth spending on a single plan rather than kind of multiple iterations which would have either pulled our time and attention away from the thoroughness of work or required a longer time period.

A. (Downes) I might add to that, to answer your question, Brian, that the September 1st Plan included a whole section on the midterm modification criteria, which was an attempt to keep in mind, you know, to mitigate the risk of a lot of changes for this three-year plan, some of them related to evaluation and to lighting market transformation, but also related to the pandemic. And in further consideration, we ended up, including from Staff, finding those -- providing feedback, we simplified those mechanisms so that there were fewer opportunities to come in and more of an emphasis on working with stakeholders in the interim. So we did consider that. But the feedback that we got was: Simplify it. And we agreed. We believe that's what we got in the Settlement is a better proposal.

Q. So would it be accurate to say that, in light of -- I suppose to summarize that, in light of resource constraints, I suppose you had decided to present only one option to the Commission rather than taking the approach that Rhode Island appears to have taken?

A. (Downes) I'm not sure what you mean by "resource constraints."
Q. Ms. Peters just described the effort that went into pulling together a single plan with a single proposed rate. That was a choice that was made in light of those resource constraints, to put together one plan and one rate, rather than, for example, what Rhode Island did, which was to provide options.
A. (Peters) I'm not sure, you know, what Rhode Island's directive was, in terms of what they were to produce for their commission, which may well have been to present these two options. Our directive, in my understanding, was to, through a stakeholder process, develop a plan and file the plan, you know, with the Commission. And so I am not aware of any directive in New Hampshire that was to kind of file multiple potential plans. And so, you know, we may just have a different framework from Rhode Island. I'm not completely sure. But it seems like that may be the case.
A. (Downes) I just want to emphasize -- I'm

sorry. Go ahead.
Q.   I thought I heard you say, Ms. Peters, earlier during questioning from Mr. Dexter, that a couple of scenarios were developed for the EERS Committee.
A.   (Peters) Well, we filed a couple -- "filed" is the wrong word. We presented the Committee with a draft in April and another draft in July. And in discussion with the Committee, in trying to come to some level of consensus about budgets and targets, we had discussions over a variety of kind of different ways to juggle those things. So if you consider those scenarios, then, yes, we talked about some scenarios. But in terms of filing a plan, I don't think we ever intended or thought we were supposed to file multiple plan scenarios.
A.   (Mosenthal) May I also add that, subject to check, because I haven't studied this entire exhibit, but it appears to me, based on the two pages you've pointed us to, that the difference between the base case and the high case is simply alternative options for 2022

and 2023, which the Commission is not actually approving at this point, because they do annual plans even though they have a three-year estimate of where they're going. It appears that the 2021 Plan that would either get approved or not is in fact the same in both scenarios.

A. (Downes) One of the priorities of the stakeholder group, including Staff, was this three-year framework that we heard from multiple parties that are in the field, that having an annual update is terribly disruptive to their plans for hiring, for their plans for training, for their procurement, for keeping waiting lists or not. So that was a high priority, of making sure that we don't have this havoc annual year at time and then everybody comes back in and haggles it out again over what the next year is going to look like. So I think that that is -- that was a directive that we got very early on in the stakeholder process and that we remain very committed to having a three-year plan.

MR. KREIS: Okay. I need to leap in here and interpose an objection on relevance grounds. I really don't understand what the significance or probative value of any of this is. It seems to be aimed at drawing out the extent to which what happens formally in Rhode Island either did or did not happen informally before the stakeholder group known as the "EERS Committee." And it just isn't relevant to the determination the Commission needs to make here. It could have a deterrent effect on the next time we try to have a stakeholder engagement process. So if the Commission Staff's purpose is to kill that process off, well, you might just succeed. But that is not the purpose of this hearing.

MR. BUCKLEY: I was just preparing to move on. So that is fine with me. But I have one last question that I think is directly relevant. And there's more on this exhibit that I do believe is relevant, but I think it makes more sense to discuss on direct with my witnesses. And it does shed

some light on the reason Rhode Island took
the actions that it took.
BY MR. BUCKLEY:
Q. But just to close the loop on the highest SBC
for commercial customers in New England
question, now that we've discussed that the
2022 and 2023 Rhode Island rates proposed,
not yet approved, are purely illustrative and
that the Massachusetts SBC rates that we
reviewed within the exhibit and that we
pulled forward are not higher than the
Eversource C&I customer rates, would it be
fair to say that the New Hampshire rates
proposed here, which are not illustrative,
are the highest in New England, other than
the first year of Rhode Island?
A. (Peters) Yeah, I think, Brian, that the point
of some of this is that 2022 and 2023 don't
have a comparison in other states, and they
are years that are going to be different in
the marketplace, both here in New Hampshire
and in other states, because of the impacts
of lighting that are happening across the
region. So it's very difficult to compare to

other states.

But, yes, if you are looking at that chart, you know, in the utility exhibit, in 2022 and 2023 the proposed Rhode Island rates are the highest, and the next highest there are the proposed Eversource rates, Eversource New Hampshire.

A. (Downes) I'd also add that New Hampshire doesn't have revenues from the Regional Greenhouse Gas Initiative to the extent that Massachusetts, and I believe, though I'm not certain, Rhode Island does. We return most of those revenues back to customers.

Q. Now if I could move on to Mr. Mosenthal.

Mr. Mosenthal, at Page 20 of your rebuttal testimony, you assert that Ms. Nixon's focus on electric savings fails to -- (connectivity issue)

(Court Reporter interrupts.)

Q. -- fails to recognize the benefits of legislatively mandated oil and propane savings that will move through to ratepayers; is that correct, Mr. Mosenthal?

Mr. Mosenthal, you're on mute.

A. (Mosenthal) I'm sorry. Can you refer me to a line on the page, because I'm not sure exactly where you're referring to.

Q. I believe it's Bates Page 20 of your testimony.

A. (Mosenthal) Okay. So I am looking at Bates Page 20. Do you know what line number?

Q. Eighteen, 17 through 18?

A. (Mosenthal) Yes. And I apologize. Now I forgot what the question --

Q. The question that follows is can you tell me whether you are certain that such a mandate exists in New Hampshire?

A. (Mosenthal) I had been under the understanding that it was legislatively decided that the electric utilities should provide services for the unregulated fuels. And I apologize. I actually thought that got corrected because I did learn that that was not the case. However, it is my understanding that the Commission has approved plans with the electric utilities spending money on oil and propane, and in fact that there's a rule that they can spend specifically, I believe, up to 45 percent of their entire budget on oil and propane.

Q. So you agree it is not a legislative mandate for those things.

A. (Mosenthal) Well, I do not know. And it's my understanding now that that is correct. And I should have corrected that. I didn't see that it was still there.

Q. Okay. Now if I could ask you to move to Page 13, Line 6 of your testimony. You assert that a large majority of New Hampshire ratepayers have or will participate in a program if funding is sustained in the medium term; is that correct?

A. (Mosenthal) Yes, I did state that.

Q. Can you tell me what you mean by "medium turn"?

A. (Mosenthal) Well, in other words, that not everybody participates in every year of running efficiency programs. But over time, the majority, you know, in my experience from other areas, the majority tend to participate. So, you know, whether it's more, you know, five years, six years, I don't know. But sustained programs do offer opportunities for everybody to participate, and I believe the majority will in some fashion.

Q. And so you support those assertions regarding the regional programs and the likelihood of participation at Pages 11 through 12 of your testimony by citing a Massachusetts study; is that correct?

A. (Mosenthal) That is correct, as well as a Nova Scotia analysis.

Q. And you suggested that the Massachusetts study showed that in a single year, 60 percent of the very largest customers participating in the programs and about 32 percent of the next tier of largest customers participated annually; is that correct?

A. (Mosenthal) Yes, that is correct, in a single year, in 2017.

Q. Now, if I could please ask you to turn to Exhibit 26. And let me know when you're there.

A. (Mosenthal) Okay.

Q. Do you recognize Exhibit 26?
A. (Mosenthal) Yes.
Q. Can you tell me what it is?
A. (Mosenthal) It is a study done in Massachusetts looking at participation rates across their customers, C&I customers.
Q. And can you tell me approximately what overall percentage of these C&I customers is represented by those two groups you discussed in your testimony?
A. (Mosenthal) The two groups I discussed, the two largest groups?
Q. Yes.
A. (Mosenthal) I believe it's the percentages I cited. Can you -- sounds like you're perhaps disagreeing with that. Can you point me to what I should be looking at?
Q. So I will admit that I do not have the exhibit open in front of me right now. But what I will say is that, and you can tell me -- I'd ask that you tell me whether or not you disagree with this. On that exhibit, it shows those two large groups of customers, and it appears that they are approximately

5 percent of the overall C&I customers.
A. (Mosenthal) Oh, oh, what percent of the C&I customers they are?
Q. Right.
A. (Mosenthal) Sorry. I misinterpreted the question. I thought you were asking the percent that participated.
I need to check on what my definition of that group of customers was.
(Witness reviews document.)
A. (Mosenthal) So, above 1.5-gigawatt hours, it looks like -- well, I can't tell you exactly because on this table -- oh, no, here, I can tell you.
Just in 2017 alone, it looks like basically the numbers I cited, roughly 33 percent for 1.5 to 4.5-gigawatt hours, and 57.7, which I stated was, you know, close to 60 percent.
Q. And would it be fair to say, Mr. Mosenthal, that reading from this chart, it shows that those large customer buckets participate every other year, every three years, something along those lines? But if you move

closer towards the other 95 percent of C&I customers, they are more likely to participate, 5 percent of them, each year? It would be somewhere closer to every 15, every 20 years?

A. (Mosenthal) Every 20 years? I'm sorry. Can you repeat the question?

Q. So at the very bottom of that chart it has an overall average number; is that correct?

A. (Mosenthal) And we are looking at Table 5-2?

Q. Yes.

A. (Mosenthal) Okay. Yes. Yes, it does. Is that what you're asking me, what the average number is?

Q. Yes.

A. (Mosenthal) It is 5.5 percent. But I will note a couple of things there, a big one being that electric utilities tend to have a very large number of their smallest customers that really aren't likely to or appropriate to participate. You know, there are things like cell phone towers and switching stations and things like that. So there's a lot of meters that aren't really buildings that bring that average down. And certainly in terms of load-weighted average, it's much closer to the numbers I cite.

And actually, another point I want to make is that, as I explained in the testimony, these numbers do not include participation from upstream programs. And virtually every small business has got to buy some light bulbs at some point. And in my experience, you know, the upstream commercial lighting program alone over a number of years is likely to have virtually everybody participate in it.

A. (Downes) I might also add that there are a lot of owners of rental property that perform improvements to their buildings that benefit the lessors -- or, you know, renters of those buildings on the C&I side, as well as residential, that don't get counted.

A. (Mosenthal) And there may also be customers that own chain accounts that are participating. But I believe the study looked at actual account numbers, you know, individual building addresses or individual meters.

Q. So my understanding of this study is that it does include unlinked savings. Is that your understanding? It looked at those that were both linked and unlinked -- i.e., I think the upstream-type programs. I think there's a -- I want to say somewhere on that page it says -- (connectivity issue)

(Court Reporter interrupts.)

A. (Mosenthal) I do see in parentheses it says "includes unlinked tracking data." I'm not positive what that means. It's my understanding that the study does not include upstream participation.

A. (Downes) It says on Page 57 of the full document -- I don't know if that's in the exhibit -- that it's important to note that because upstream data is linked to an address rather than an account, participation may be underestimated. And for 2017 it's since changed. But the upstream tracking data does not allow for records to be matched at the account level.

Q. And so maybe it would be helpful to give a little bit of broad definitions here.

Can you tell us the difference between "upstream," "midstream" and "downstream" programs?

A. (Mosenthal) Sure. Downstream programs generally refer to programs where the utility's program is directly engaging with customers, individual customers -- so, for example, paying a rebate directly to a customer. Midstream and upstream, different jurisdictions can define them a little differently. Some just refer to everything as "upstream." But generally speaking, I would say "midstream" tends to address sort of the middle tier of the vendor community. So, retailers and often distributors or trade; allies. In other words, they're the ones getting the rebates and promoting the product. And "upstream" can be higher up; so like manufacturers, for example. So, for example, the utilities' midstream lighting program, I believe, works with lighting distributors and brings down the cost of the lighting. So the customer doesn't directly engage with the utility and may in fact not even know they're participating in the program.

Q. And you mentioned earlier that a significant degree of these customer accounts could be things like antennas or cell towers. Can you explain that a little bit more and to what degree a "significant degree" is?

A. (Mosenthal) To be honest, I don't know how significant. Perhaps some of the utility witnesses do. It's just my understanding that, in terms of actual numbers of accounts, there's lots of very small usage accounts that would not likely be that relevant to the programs.

Q. So would it be fair to say it's probably a fairly small number?

A. (Mosenthal) I really don't know.

MR. BUCKLEY: I think now I will move on to discussion around net to gross. I note, though, it's 4:15, and I'm curious how long you think we should go today. Often close of business is 4:30, and I'm wondering if I should begin a discussion that could become involved --

CHAIRWOMAN MARTIN: How long do you expect your next series of questions to go, Mr. Buckley?

MR. BUCKLEY: From here on out, I kind of do a greatest hits of the Settlement Agreement. Maybe each of the topics is 15 or 20 minutes, net to gross being my next topic. I could also maybe hand it back to Mr. Dexter, if he has anything to say continuing on the rates and bill impacts. But next up for me would be net to gross, and it would be probably about 15 minutes I want to say.

CHAIRWOMAN MARTIN: Well, I'll leave it to you and Mr. Dexter to decide how to use the remainder of the time, but I do plan to end right about 4:30 today.

MR. BUCKLEY: Should I proceed, Mr. Dexter?

MR. DEXTER: I believe you should.

BY MR. BUCKLEY:

Q. Okay. And so these are more generally to the panel. And whoever feels can answer should answer, please. The Settlement at --

CHAIRWOMAN MARTIN: Mr. Buckley, I just need to make sure Mr. Taylor is still -- oh, there he is.

Mr. Taylor, I lost you for a moment. I wanted to make sure you were still here.

Go ahead, Mr. Buckley. You're on mute.

BY MR. BUCKLEY:

Q. So I think I can shed a little light on -- before we move back to discussing the Settlement, in reviewing a copy of the Settlement which I have, which seems to match the Bates pages that the Commissioners have against the copy of the Settlement which is filed and in the docket book on the web, it looks like there is an additional signature page. So I am pretty sure that all of my pages will be correct. But if anybody else after this discusses pages which are in the attachments which come after the signature page, those will be off by one, I believe. So bear with me when I give the Bates page citation, but I believe they're all correct.

So first question is the Settlement at 7 describes adoption of net to gross figures that were not included in the initial plan; is that correct?
A. (Peters) Yes.
Q. And we touched on this already, but can you please explain for me at a high level the difference between net savings and gross savings?
A. (Downes) Sure. Am I getting an echo? No? Okay.
Gross savings is generally what customers and implementation workers are concerned about. That's how they calculate the savings in the field, using tools, using calculators.
Adjusted gross savings is the next step. So I'm going to explain that one, even though you didn't ask. And that is where a realization rate is applied to the gross savings to reflect historically -- historic changes or differences, variances between gross savings and actual savings based on third-party evaluation that uses a variety of

tools. So that realization rate is maybe the hours of use were a little bit different, or maybe there was a baseline difference that wasn't taken into account. So it adjusts the savings based on mechanical differences between the claimed savings and the actual savings.

Then there's a third step to get to net savings, which is to apply attribution factors to those adjusted gross savings that take into account free ridership and spillover. And this is described in the Settlement very, you know, very succinctly. But generally speaking, free riders are those who would have done the action even in the absence of the program intervention. So they're getting a rebate even though they would have taken the action already.

Spillover is where a customer takes an energy efficiency action or installs a piece of equipment as a direct result of learning about efficiency or benefitting from it in another context related to the programs, but they don't take the rebate. So we don't --

we get to claim that additional savings that
was a result of our program but wasn't a
direct intervention on our part.
Together, free ridership and spillover
are referred to generally as "net to gross,"
or "NTG" as the abbreviation.
Q. And so at a high level, would it be accurate
to say that net savings tries to determine
which savings are directly attributable to
the program intervention?
A. (Downes) I would leave out the word
"directly," but yes.
Q. Okay. And have the utilities applied a net
savings figure to upstream or, rather,
midstream and downstream lighting?
A. (Downes) We have applied both free ridership
and spillover factors in our benefit-cost
models that are the backbone of what
generates the outputs that most of the folks
here are looking at to reflect -- yes, I
think I said that right -- to reflect the
free ridership and the spillover associated
with both midstream lighting for both
residential and commercial and industrial and

municipal customers, as well as some other midstream offers on the gas side, and I believe also on the electric side. I'd have to open my model to give you more specifics.

Q. And can you ballpark for me the percentage of savings attributable to C&I lighting programs?

A. (Downes) I don't have that handy, but I could look it up. It's different every year because of the nature of the market transforming for lighting. And it's different for each of the utilities. So I'm hoping, while I'm talking, someone else can pull that, someone else who's quick with numbers and can do Excel and not have to talk can help with that.

Q. Would it be accurate to say that C&I lighting is a very significant portion of the program savings?

A. (Downes) Sure. Yes, it is. But it is declining over the term.

Q. And "very significant," we're probably talking more than 40 percent; is that accurate?

A. (Downes) I believe that's correct. I believe that's correct.

Q. And have the utilities applied a different net savings figure to midstream versus downstream C&I lighting measures?

A. (Downes) I believe that that is the case, yes.

Q. And can you explain why midstream and downstream lighting net to gross figures would be different?

A. (Downes) Sure. So midstream is a delivery mechanism that aims to transform the market at a large level. And it is less concerned about the individual customer as it is the marketplace. And so the opportunity for there to be free riders in the midstream delivery model is a bit higher than it would be in downstream approaches, where individual vendors are working with individual customers who maybe tend to be smaller customers who need the extra help and technical assistance and know-how that the utilities and their vendors provide. So the opportunity for free ridership is lower.

Q. And can you tell me where those net savings figures -- from where those net savings figures are derived, the ones currently proposed in the Plan?

A. (Downes) That would take a little bit of digging. If you reference the Technical Reference Manual in the lighting chapters, I believe that those are explained there. Without getting into the weeds too much, they are a combination of factors from Massachusetts and Connecticut, generally speaking.

Q. And those Massachusetts and Connecticut figures, can you tell me how recent they are?

A. (Downes) I cannot. I would have to go look at them. In Massachusetts I'm more familiar than with Connecticut.

The net to gross factors for the 2020 -- I'm sorry -- the 2019 to 2021 Plan were locked in at the beginning of the three-year plan, and so they were set. And my recollection, subject to check, is that those were somewhat negotiated between the evaluation consultants in Massachusetts and

the program implementers and planners.
Q. And can you tell me if there have been times when New Hampshire has joined in an evaluation with either Massachusetts or Connecticut?
A. (Downes) In general, of course. Yes, we've undertaken several evaluations jointly with Massachusetts. And I think Massachusetts is the only one, other than a lighting study that was a regional study that was just completed, just recently completed.
Q. That, in your opinion, is a good thing because it saves some -- there's administrative efficiency there with saving a few dollars for New Hampshire utilities?
A. (Downes) There can be. It depends on the study and how important it is to have New Hampshire-specific results. I think in terms of "market transformation," which is another term that can reference the spillover and free ridership net to gross, there are definite distinctions in the different marketplaces, in part due to the level of investment in energy efficiency and then

maturation of the energy efficiency programs. So that is particularly an area where it is perhaps not as -- it's certain that -- not even not as certain -- where you want to use caution in borrowing the values from another state.

Q. And so what I just heard you say is that we should use caution in borrowing guidance from another state, but also that we have maybe largely borrowed the net savings figures for our C&I lighting programs from another state?

A. (Downes) In the absence of any New Hampshire-specific evaluation, given that -- so, yes. That's the answer. And the context here is that when we -- when the BC working group looked at the cost test, we took up the issue of net to gross. And my recollection is that there was an agreement that it was a subject of interest that should be investigated, but that it was not something that needed to be investigated and evaluated before this term plan that we're proposing now. So therefore, there wasn't a plan to take up New Hampshire-specific net to gross studies between the time the BC working group finished its work and the time we filed our draft plan in April, or in the meantime, for that matter.

Q. Can you tell me whether Massachusetts is currently planning an evaluation that would provide them with revised net to gross figures, or undertaking them?

A. (Downes) Massachusetts is undertaking probably a dozen net to gross studies at the moment in advance of its next three-year planning process, with the understanding that those will be set at the beginning of the term and be locked in. I am not 100 percent sure of what's happening with lighting, given that the market is transforming so quickly, that it's hard to pin down what the net to gross is for lighting for three years, which is why our Settlement agrees that we will be looking at this in New Hampshire over time.

Q. The Settlement agrees we would be looking at net to gross figures for C&I lighting?

A. (Downes) I believe so.

A. (Peters) Just to clarify, the Settlement indicates that the EM&V working group would identify any additional measures that aren't specified in the Settlement to which net to gross factors should be applied. So there's a paragraph on Page 7 of the Settlement Agreement that talks about what will happen over the course of the three years.

Q. So, then, is it possible that as the EM&V working group looks at those additional measures, the net savings figures for commercial and industrial lighting might change during the three-year period?

A. (Peters) The Settlement lays out net to gross figures for C&I lighting for each of the three years. And I assume that those figures would apply, unless the EM&V working group determines that a new study needs to happen and that new study is completed, in which case, also according to the Settlement, the goals would correspondingly be adjusted if something -- if a new study happened, new figures were calculated that were different from the settled figures.

Q. So the Settlement leaves it open to adjust those net savings figures for C&I lighting rather than just measures additional to the C&I lighting net savings figures. That's your interpretation?

A. (Peters) The Settlement sets net to gross factors for C&I lighting for three years. Then it says that the EM&V working group shall identify any additional measures to which net to gross factors should be applied.

Q. Thank you. And it also says in that Settlement, around that same place, that incorporation of net savings figures for additional measures be accompanied by corresponding change in goals; is that correct?

A. (Peters) Yes.

A. (Downes) Yes.

Q. Then it says with updated benefit-cost models reflecting those changes -- (connectivity issue)

(Court Reporter interrupts.)

A. -- to be shared with the Stakeholder Advisory Council and provided to the Commission in an informational filing; is that correct?

A. (Downes) Yes.

A. (Peters) Yes.

Q. Can you explain to me what is meant by "informational filing"?

A. (Peters) The assumption in the Settlement is that the goals and the updated BC models would essentially automatically update the Plan if those studies happened and those factors were applied.

Q. Is the Commission expected to take action based on this informational filing?

A. (Peters) I think that's a legal, procedural question. I don't know the answer.

Q. Is there anything, in your understanding, that would prevent the Commission from doing so, taking any sort of action?

A. (Downes) Would there be anything that would prevent them from taking action?

Q. Right.

A. (Downes) No.

A. (Peters) If we filed something with the Commission and the Commission had something to say about it, I assume they have every right to do so. I don't know what the

correct legal framework is there, but...
Q. Is this how updates to savings figures, like net to gross, is that how it works in Massachusetts or Connecticut, is in an informational filing?
A. (Downes) As I just explained, in Massachusetts the net to gross factors are set for all measures for the entire term -- for the current term at least. So they don't get changed.
Q. How about inputs to the TRM other than net to gross factors?
A. (Downes) I'm not sure what you mean. They do take place in Massachusetts, and the benefit-cost models for the purposes of reporting incorporate the new evaluation assumptions.
Q. Are there some cases where that occurs on a retrospective basis?
A. (Downes) Yes.
Q. That's in Massachusetts. How about Connecticut?
A. (Downes) I don't know.
Q. Does anybody from Eversource know that answer?

A. (Peters) I don't.
Q. And so if in an order related to this docket the Commission approves a specific savings target associated with whatever rate there is, and the net to gross revised ratios flow through, does that automatically change the savings target approved in a Commission order?
A. (Downes) That's the intent here, given that the net to gross -- the savings is still realized by the customers. It's just what can be attributable to the programs may change based on an evaluation. The idea would be that there would be no penalty to the utilities for that because it's still saving the same amount of adjusted gross energy.
Q. Okay. Seeing that it is past 4:30, and I think probably folks are getting a bit tired of -- first I wanted to just make one last question, and that was, it was stated that the figures used currently in the Plan -- or, rather, the Settlement and revised Plan attachments, are a combination

of net savings figures from Massachusetts and or Connecticut. Is that correct?

A. (Downes) Again, it's in the Technical Reference Manual in detail. There may be other -- I guess I'll defer and say that the Technical Reference Manual lays it out, what the references are. There may be in those TRMs references to other studies, and I don't want to -- or to negotiations. So I don't want to misspeak.

Q. And with regard to the TRM, is the TRM and the associated inputs that is before the Commission today, is that TRM the final product for the Commission?

A. (Downes) It is not as of today, no.

MR. BUCKLEY: Okay. Thank you. I think that is the end of -- (connectivity issue)

(Court Reporter interrupts.)

MR. BUCKLEY: That is the end of my cross-examination on net to gross and possibly a good stopping point for the day.

CHAIRWOMAN MARTIN: Is there anything we need to do before we break for the day then?

[No verbal response]

CHAIRWOMAN MARTIN: All right. We will break here and continue the hearing on December 14th at 9:00 a.m. Thank you, everyone. It was a long day. We are adjourned for the day. Have a good night.

(Whereupon, the DAY 1 AFTERNOON hearing was adjourned at 4:39 p.m., with the next hearing to reconvene on Monday, December 14, 2020, commencing 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.

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