STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 14, 2020 - 9:17 a.m. **DAY 2**

[Remote Hearing conducted via Webex]

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

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

Jody Carmody, Clerk
Corrine Lemay, PUC Remote Hearing Host

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

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

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

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

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

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

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

Reptg. Conservation Law Foundation:
Nick Krakoff, Esq.

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

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

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

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

I N D E X

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
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19	**RESERVED** (Record request for a presentation of the percentage of the proposed budget dedicated to the 3 sectors of C&I and Municipal, Residential, and Income-Eligible	133

P R O C E E D I N G

CHAIRWOMAN MARTIN: We're here this morning to continue the hearing in Docket DE 20-092 regarding the 2021 to 2023 Statewide Energy Efficiency Plan.

We have already made the necessary findings to hold this as a remote hearing. I will remind everyone that, if they have a problem during the hearing, they should call (603)271-2431. And that, in the event the public is unable to access the hearing, the hearing will be adjourned and rescheduled.

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

Commissioner Bailey.

CMSR. BAILEY: Good morning, everyone. Kathryn Bailey, Commissioner at the PUC. And I am alone.

CHAIRWOMAN MARTIN: Okay. And let's take appearances of who we have with us today, starting with Ms. Chiavara please.

MS. CHIAVARA: Good morning. Jessica

Chiavara, with Public Service Company of New Hampshire, doing business as Eversource Energy.

CHAIRWOMAN MARTIN: Thank you. Mr. Sheehan.

MR. SHEEHAN: Good morning. Mike Sheehan, for Liberty Utilities (EnergyNorth Natural Gas) and Liberty Utilities (Granite State Electric).

CHAIRWOMAN MARTIN: Thank you. Mr. Taylor.

MR. TAYLOR: Good morning, Commissioners. Patrick Taylor, appearing on behalf of Northern Utilities, Inc., and Unitil Energy Systems, Inc., collectively known as "Unitil".

CHAIRWOMAN MARTIN: Thank you. Mr. Kreis.

MR. KREIS: Good morning, everybody. I am D. Maurice Kreis, the Consumer Advocate, here this morning on behalf of residential utility customers.

CHAIRWOMAN MARTIN: Thank you. And do we have DES with us today?

MR. DEXTER: DES --

CHAIRWOMAN MARTIN: Oh.

MR. DEXTER: Madam Chairwoman, this is Staff Counsel. DES is present, but asked to be demoted to the audience, if I have that term right, because they weren't planning on speaking today.

CHAIRWOMAN MARTIN: Okay. Great. Thank you. And Mr. Emerson.

MR. EMERSON: Eli Emerson, from Primmer, Piper, Eggleston & Cramer, on behalf of Clean Energy New Hampshire. Good morning. Thank you.

CHAIRWOMAN MARTIN: Good morning. Mr. Krakoff.

MR. KRAKOFF: Thanks, Chairwoman Martin and Commissioner Bailey. I am Nick Krakoff, here on behalf of Conservation Law Foundation.

CHAIRWOMAN MARTIN: Okay. Thank you. Do we have anyone from Acadia Center today?

[No indication given.]

CHAIRWOMAN MARTIN: All right. The Way Home, Mr. Burke.

MR. BURKE: Good morning, Commissioners. Good morning, everyone. Raymond

Burke, from New Hampshire Legal Assistance, here on behalf of The Way Home.

CHAIRWOMAN MARTIN: Thank you. And Southern New Hampshire Services, Mr. Clouthier.

MR. CLOUTHIER: Good morning, Commissioners. This is Ryan Clouthier, on behalf of Southern New Hampshire Services.

CHAIRWOMAN MARTIN: Thank you. And Staff, Mr. Dexter.

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

CHAIRWOMAN MARTIN: Okay. Do we have anyone else with us today?

MR. DEAN: Madam Chair, this is Mark Dean, representing New Hampshire Electric Cooperative.

CHAIRWOMAN MARTIN: Oh, I apologize, Mr. Dean. I missed you.

MR. DEAN: I try to keep a low profile. Thanks.

CHAIRWOMAN MARTIN: Okay. All right.

So, public comment. We were going to take public comment at the beginning of each hearing day. Ms. Lemay, do we have anyone for public comment at this point?

MS. LEMAY: No one has notified me.

CHAIRWOMAN MARTIN: Okay. Do we have any other preliminary matters?

[No verbal response.]

CHAIRWOMAN MARTIN: All right. Then, let's go back to the witness panel. We were --

MR. DEXTER: Madam Chairwoman, I'm sorry to interrupt you. Staff had a couple of preliminary issues they wish to raise. And Attorney Buckley is going to raise those right now, if appropriate.

CHAIRWOMAN MARTIN: Okay. Go right ahead.

MR. BUCKLEY: Yes. So, the first that -- thank you, Madam Chair.

The first that I would raise is that there was a Motion for Confidential Treatment in this docket, and I would advise that Staff is supportive of that motion. And, if we could have a ruling from the Bench on that, that would helpful, I think.

The other was a matter of timeline for

today. And it's my understanding that the procedural schedule was somewhat ambiguous as to the end of today's hearing. But the PUC calendar says "noon". And I think, and I want to confirm with the Chair and Commissioner, that noon is the end time today?

CHAIRWOMAN MARTIN: That is what we had planned, was to end at noon.

And, on the Motion for Confidential Treatment, I am not prepared to rule on that at this moment. But we will consider ruling from the Bench on that.

Is there any objection from any party to that motion?

[No indication given.]

CHAIRWOMAN MARTIN: Okay. Hearing none.

All right. Then, anyone else with preliminary matters?

MR. DEXTER: Yes, Madam Chairwoman. Again, this is Attorney Dexter. I wanted to note that I just received by email an exhibit from Liberty Utilities. It filled in one of the premarked numbers, it's one of the blank numbers on the Utilities' side. So, it's "Exhibit Number 18". And it's an -- well, I should probably have Attorney Sheehan describe it. But my understanding is that it's an updated Bates 470 from Exhibit 2, which is a revised sheet showing the corrections that Liberty Witness Heather Tebbetts read into her testimony last week. Although, I believe there are other changes on that sheet as well that I will ask Ms. Tebbetts about when the time comes.

MR. SHEEHAN: That's correct. And, obviously, we're offering it as an exhibit today, and it's up to the parties and the Commission to accept it. The goal was to give you a written document that contained Ms. Tebbetts' corrections.

CHAIRWOMAN MARTIN: Okay. Thank you. And that's marked for ID as "Exhibit 18", is that right?

MR. SHEEHAN: Correct.

(The document, as described, was herewith marked as **Exhibit 18** for identification.)

CHAIRWOMAN MARTIN: Thank you.

Anything else?

[No verbal response.]

CHAIRWOMAN MARTIN: Okay. Then, we had the Settling Parties Panel testifying when we broke last. And, so, I assume we're going to continue with them. Was that the plan, Mr. Dexter?

MR. DEXTER: Yes. Attorney Buckley will resume questioning where he left off. And, when he's done, as I indicated last Thursday, I have some additional topics that I want to question that panel about.

(Whereupon the Settling Parties Panel was recalled to the stand, consisting of ***Katherine W. Peters***, ***Mary A. Downes***, ***Carol M. Woods***, ***Eric M. Stanley***, ***David G. Hill***, and ***Philip H. Mosenthal***.)

CHAIRWOMAN MARTIN: Okay. And I will remind all of those witnesses that you remain under oath at this time.

And Mr. Buckley can proceed.

MR. BUCKLEY: Thank you, Madam Chair.

So, as a reminder, we're going to just

do sort of a "greatest hits" of the Settlement Agreement, specific topics, which should take about fifteen minutes or so each. So, the name of the game today to some degree is trying to be succinct.

And I would also just remind that my questions are generally addressed to the panel. So, whoever feels best suited to answer those questions, please feel free to do so.

KATHERINE W. PETERS, PREVIOUSLY SWORN

MARY A. DOWNS, PREVIOUSLY SWORN

CAROL M. WOODS, PREVIOUSLY SWORN

ERIC M. STANLEY, PREVIOUSLY SWORN

DAVID G. HILL, PREVIOUSLY SWORN

PHILIP H. MOSENTHAL, PREVIOUSLY SWORN

CROSS-EXAMINATION *(resumed)*

BY MR. BUCKLEY:

Q So, I'm going to start with realization rates. Can you please explain to me what a "custom program" is?

A (Downes) Sure. I can take that one. So, a custom project is generally one that is not generalizable, if that's a term. So, it might be easier to start with what isn't a custom project, which would be a standard measure that has the same kind of installation and same kind of calculation that can be used to estimate the savings. It's basically an average savings based on generally past evaluation of similar types of measures.

A "custom project" is one that can't be generalized to the population, at least, you know, at the time that the project is put in. So, a realization rate for custom projects is one that is applied specifically to those individualized projects that aren't deemed or prescriptive.

Q And this Settlement adopts custom program realization rates at Page 8, is that correct?

A (Downes) I'm not sure about the page, but yes.

Q Okay. And what is the basis for the proposed realization rates?

A (Downes) Give me a second please. The basis of the realization rates was really determined in settlement.

Q Thank you. And, at Page 8 of the Settlement, the Settling Parties note that an ongoing impact evaluation is expected to be "completed by the first quarter of 2022", which would then apply realization rates for the three-year duration of the Plan, is that correct?

A (Downes) More or less. So, the idea is -- so, realization rates can be applied in different ways. And there is generally some caveats to realization rates that evaluation contractors, in concert with, in New Hampshire's case, the EM&V Working Group, will determine are appropriate.

So, in some cases, you can correct for a finding in practice, rather than having to apply an adjustment to the savings, which is a -- it is preferable to be able to say "Oh, we're misestimating the hours of use for this kind of installation", or "we are, in practice, you know, have been using a baseline that maybe needs to be adjusted." So, rather than apply a realization rate to reduce or increase the savings, you change the practice, so that your savings calculations are more accurate.

So, to answer your question, it may not be a single realization rate that's effective and applied, but rather different ones for different characteristics or different applications.

Q And, so, after that provision in the Settlement, I think it's on Page 8, the Settlement describes a commitment to "conduct at least one custom impact evaluation during each triennium" that would apply retroactively to the entire term, but would not be applied after the term report has been filed, is that collect?

A (Downes) That's correct.

Q And the term report, according to the Plan at Page 34, is filed on August 1st, 2024. And do you *[inaudible audio]* --

A (Downes) I'm having a little difficulty with the audio, unfortunately. I think I caught your question, about timing of the term report in August of the year following the conclusion of the term. And my answer to that would be "yes, that is correct", if that was your question.

Q Great. Thank you. I'll try to speak a little closer to my microphone, if that's helpful.

A (Downes) I think it's just a refresh issue, actually, Mr. Buckley, rather than your -- rather than the volume.

Q Understood. So, is that requirement for a C&I custom impact evaluation in addition to the ongoing Large Business Energy Solutions impact evaluation or is it satisfied by it?

A (Downes) It's satisfied by it. And it actually, to be clear, has not -- has not begun yet. We have selected a contractor, are in the process of finalizing contracts with the vendor, and we expect it will begin early next year.

Q So, there would not, under the Settlement, be a C&I custom program impact evaluation that occurs toward the end of the triennium and then applied retrospectively?

A (Downes) That is -- my expectation is that the satisfaction of this provision for a C&I custom impact evaluation would be satisfied by the study that we are intending to launch at the beginning of next year, and it will conclude by the beginning of the following year.

Q Now, would these changes to the custom program realization rates flow through to the revised goals automatically, like the net-to-gross figures do, I believe?

A (Downes) No, they would not.

Q They would not. Would we face a scenario, conceivably in the future, where one finding of an evaluation, I think it is the net-to-gross figures, automatically flows through to the change -- to change the savings, but another finding of an evaluation, i.e., the custom program realization rates, does not?

A (Downes) That is what the Settlement says. And I'll just add that, in our Plan filed on September 1st, we had made provisions for both, for both kinds of factors that you just described to result in a change in the actual benefits and savings goals.

In subsequent discussion, and in the Settlement, we have -- we have decided that it makes more sense to simplify the matter, so that we're not confused by which evaluations impact the savings goals and which don't. And, so, because net-to-gross are outside of the control of the Utilities, and because they can have significant impacts, that, plus the avoided cost study, are the two instances that will result in an automatic change to the savings goals and benefits, should they result in that. And any other evaluation impacts would be part of the risk that the Utilities take on in carrying out our plans.

Q Does it seem at all problematic to you that we would apply some impact evaluation results automatically to the savings goals and not others, as far as administrative efficiencies and making sure nothing gets lost in the shuffle?

A (Downes) No, it doesn't. And, in fact, when you say "impact results", those are -- that term really refers to realization rates, and the change between what we have claimed for savings based on calculations and algorithms and the actual results. And, so, it's really the net-to-gross or the -- which is a new -- a relatively new concept for New Hampshire. Those are the ones that provide the greatest -- the greater risk.

And, in fact, in other jurisdictions, they are set. And, in Massachusetts, for example, where I'm most familiar, they're set at the beginning of the term, and they remain in place and are unchanged for the entirety of the term. Because of what I said earlier, which is that the market transformation, the free ridership, and the spillover are very difficult for the Utilities and the program administrators to predict or for our partners to anticipate. So, rather than penalize and provide a higher rate of risk because of those factors, they are set and left.

But, because New Hampshire has not studied them to the degree that they have in other states, where the Settlement indicates that we will allow for that risk to be mitigated by changing the goals according to, you know, just for those unpredictable values for net-to-gross.

Q And you mentioned how it works in Massachusetts for the net savings figures there, sort of "set it and forget it" for the term of the plan. Is it the same for custom program realization rates?

A (Downes) No, it is not.

Q Can you briefly describe how it works in Massachusetts for those?

A (Downes) I can try. For realization rates, in general, they are updated regularly for all -- for most programs. There's a remarkable budget and level of activity related to evaluation in Massachusetts. So, it is far in excess of what

New Hampshire is proposing or has historically done.

So, the realization rates are applied, as I explained before, there are different kinds of realization rates. Some are applied prospectively and some can also be applied retroactively. But there is active discussions, and, in fact, an investigation opened by the Department of Public Utilities just recently, calling into question the retroactive process. So, that is up for discussion for the next three-year term in Massachusetts.

Q Okay. So, moving on to the topic of the EM&V Working Group.

A (Downes) Yes.

Q Page 9 of the Settlement describes certain aspects of EM&V Working Group moving forward, is that correct?

A (Downes) Sure. It describes the EM&V Working Group.

Q And the Settlement states that Staff would choose a consultant that "shall be independent and assist the entire working group and shall be available to all members for consultation." Is that correct?

A (Downes) Yup.

Q Is this any different than the arrangement that existed for the 2018 through 2020 triennium?

A (Downes) I think it's a clarification, that the consultant is there not solely as a contractor and, you know, under the direction of the PUC Staff, but is really there to guide and facilitate and help bring to consensus the entire working group. In practice that, in fact, it has been very much like that, where there doesn't seem to be teams, you know, it's not contentious, generally speaking.

But I think this clarifies that the consultant's role will, in fact, be to facilitate coming to agreement on everyone's behalf, and not solely to advocate for Staff's position.

Q And, so, just as a matter of practicality, as far as the consultant being available to all members for consultation, would Staff have to -- would Staff have the right to either approve or disapprove of the usage of their consultant's time prior to consultation?

A (Downes) I'm sorry, can you -- I thought you were

going somewhere else with that question. Can you restate that?
Q Just as for -- I'm trying to think through how this would work in practicality. You said that it largely already resembles the process of EM&V Working Group where the consult is trying to more or less reach consensus, but clarifies that that consultant would also be available to consult with individual members without Staff. Is that a correct description?
A (Downes) I'm not sure we got into that level of thought process in developing the Settlement, Brian. So, I think we would all be aware of the limitations of time and availability on the consultant's part. And, so, I'm not sure I can answer that question, because it hasn't really been considered.
Q Right. Because you could -- you could or could you not envision a scenario --
A (Downes) I'm losing the audio again. I don't know if this is just me. It's just choppy.

MR. BUCKLEY: Can you hear me now?

WITNESS DOWNES: Yes. It's still choppy.

CHAIRWOMAN MARTIN: Just a minute. Mr. Patnaude?

MR. PATNAUDE: I think Mary needs to be on mute when Mr. Buckley is speaking, that might help.

WITNESS DOWNES: Okay.

BY MR. BUCKLEY:

Q So, the question is around a scenario where Staff and another working group member might disagree over how to prioritize to some degree of the limited billable hours of the consultant. I'm just curious how that would be resolved *[inaudible audio]* --

CHAIRWOMAN MARTIN: Mr. Buckley, just a moment.

[Brief off-the-record discussion ensued relating to audio issues.]

CHAIRWOMAN MARTIN: All right. Back on the record. Go ahead.

BY MR. BUCKLEY:

Q So, my main question here is around a scenario where there is disagreement between the Staff, who is consulting with or contracting with the independent consultant, and one of the working group members about what is a good use of that consultant's billable hours. And my question is whether the Staff would continue to retain the ultimate authority about what that consultant could or couldn't do, as far as making themselves available for a member of the working group?

A (Downes) I think that's more a contract question. I mean, my layman's take on that would be that, of course, if the PUC Staff are the holders of the contract, that they get to determine how that contractor spends their time.

However, I think that there would have to be an effective communication and collaboration among the members in order for that to work out, and that we would -- we would expect that the Staff would act in good faith to ensure that the facilitation role of the consultants would be able to be carried out.

Q Great. So, moving on, the Settlement, at 9 through 10, sets forth what one might describe as a "dispute resolution" mechanism for the EM&V Working Group, based on consensus and non-consensus as an approach, is that correct?

A (Downes) Yup.

Q And it further describes a process where a working group member could petition the Commission to resolve a non-consensus issue. But, if no action is taken to petition the Commission within ten days, the recommendation of the consultant would be adopted. Is that correct?

A (Downes) That is correct.

Q So, in your experience, would it be accurate to state that the consensus-based dispute resolution process often begins by identifying non-consensus issues, which stakeholders generally seek to resolve informally over time?

A (Downes) You're asking if that's the current practice?

Q Yes. Yes.

A (Downes) Yes. It is, I would say.

Q So, given that context, that these non-consensus might evolve to consensus over time, my question for you is, when does the ten-day period begin to toll? Is it when the disagreement is initially identified? Is it after attempts have been made to informally resolve the disagreement? Or is it some other decision point?

A (Downes) I don't know that the Settlement actually addresses that specifically, Brian. So, I'm not sure I am in a position to make it up, based on, you know, on my interpretation of it. I think it would be up to the -- up to the EM&V Working Group itself to work that out.

But I will note that, at the bottom of Page 9, it says "In the event consensus is not reached after reasonable efforts". So, I think it -- I think reasonable people can determine what "reasonable efforts" consist of.

Q Okay. Now, moving on to Page 10 of the Settlement Agreement, the Settlement gives the Stakeholder Council the opportunity to address disagreements on matters of policy.

A (Downes) I'm sorry. Are you at the bottom of Page 10 or -- I don't see that there.

Q I'm looking at --

A (Downes) It's about LBR.

Q It could be Page 9, probably.

A (Downes) You're talking about the Council?

Q Yes. So, matters of policy go to the Council possibly, is that correct?

A (Downes) Let me just get myself oriented here. I believe the "Stakeholder Advisory Council" section of the Settlement is on Page 15.

A (Peters) I think he's looking, Mary, if it's helpful, at the top of Page 10, where we indicate that, if the EM&V Working Group has a dispute on matters of policy, that that issue could be brought to the Stakeholder Council.

A (Downes) Thank you. I'm there now. I'm sorry, Brian. Can you please repeat your question?

Q Yes. Certainly. So, the Settlement says that this -- it gives the Stakeholder Council the opportunity to address disagreements on matters of policy, as differentiated from the dispute resolution process for more technical issues, is that correct?

A (Downes) Yes.

Q And does --

A (Downes) Well, rather -- let me clarify it. It basically says that "any member of the working group may notify the Council". It doesn't automatically give the Council a right to weigh in.

Q And does this mean that the consultant would only be charged with seeking consensus on technical issues? Or, would they, too, be charged with seeking consensus on policy-type issues at the EM&V Working Group?

A (Downes) My understanding is that the PUC has actually issued an RFP, and is in the process of either selecting or has selected and is waiting to take to the Governor & Council a contract regarding that evaluation consultant. So, I can't speak to what is in that scope of work, and would rely on the Staff to essentially determine whether they would broaden their scope to include working with the members of the Council to assist in coming to a resolution or an understanding, even a shared understanding of the issues at hand.

Q One question I have for you related to this distinction is, can you -- where do you draw the line between policy issues and technical issues since the --

A (Downes) Well, I personally -- I'm sorry. I missed the end of the question, I cut you off.

Q -- since the two appear to have some degree of differing treatments?

A (Downes) Sure. I believe that that would be not my determination, but the determination of the EM&V Working Group. For example, regarding the use of measure lives for lighting. That was not only an evaluation discussion, but began to be a policy discussion of "when do we want to exit the market?" Because the subject is very difficult to pin down through evaluation, because of the rapidly changing market, it becomes an issue of policy.

And that was something that was well articulated by one of the members of the current consulting group. And I think we would rely on their expertise, as well as the experience and expertise of the utility members, as well as the Staff members and other members of the EM&V Working Group, to raise the issue of whether something seemed to be spilling over into the policy area.

It's unlikely that it's going to have no technical implications or no policy implications. But I think it would be the -- you know, again, consensus discussion among the members of the EM&V Working Group as to when we felt that a policy issue was at play.

Q And is it conceivable that, when there is an issue that is in something of a gray area between policy and technical, those matters, if there's disagreement, would follow the same process described, where they would be elevated to the Commission, if there was disagreement about whether something was technical or policy-related?

A (Downes) I believe that is the intent of the Settlement, yes.

Q And, so, if you could help me, I'm trying to understand typically what the phrase "give the Council the opportunity to address an issue" -- or "address the issue as appropriate", when we're talking about policy issues. Would a decision of the Stakeholder Council be binding on the EM&V Working Group? Or the Commission?

A (Downes) The Settlement does not suggest that it would be necessarily, no.

Q Okay. Thank you. Now, I'm going to move to the section of the Settlement, and to a lesser degree the Plan, on "Mid-Term Modifications".

A (Downes) Uh-huh.

Q So, starting out with the Plan itself, Exhibit 1, at Page Bates 037, I believe it is, the Plan differentiates between Plan changes that require simple notification of the Commission and those changes which are significant enough to require Commission approval, referred to as "Mid-Term Modifications", is that correct?

A (Downes) I wasn't able to keep up with you. But I would like to note that the Plan, as filed on 9/1, has been changed by the Settlement. So, I'm not sure if it makes sense to talk about the Plan, as filed, since the Settlement is what's before us, on this topic.

Q Right. And I have two questions later we will address what the changes are in the Settlement. But I'm just trying to bring forth what it initially was.

A (Downes) Okay. So, let me -- I'm sorry. Let me try and catch up to where you were. Can you please repeat the Bates Page for -- and this is Exhibit 1, Part 1?

Q Yes. Exhibit 1, Part 1, Bates 037, I believe it is.

A (Downes) Okay. Thank you. Okay, I'm almost there. So, can you point me to the paragraph or

more specifically?
Q That's Bates 037, Exhibit 1. And I am thinking of paragraph -- no, I'm --
A (Downes) I'm not seeing anything on the MTM on that page, just to be clear.
Q Okay. That's fair. I might have written the wrong page in my notes. All right.
A (Peters) I think it's Page 45.
A (Downes) I'm sorry, Kate. Which one?
A (Peters) 45 is the section of the Plan on "Commission Notification and Mid-Term Modifications".
A (Downes) That's where I was originally. Okay. So, I'm sorry, Brian. Can you please repeat your question?
Q My question was around the differentiation between those changes that require simple notification --
A (Downes) Uh-huh.
Q -- versus something that requires a mid-term modification. Can you just give me a sense of what the difference between those two things is, what kind of changes?
A (Downes) Sure. So, the notifications, we have

those now. Where there's something that doesn't require the PUC to meet and consider and hear arguments back and forth, but to just notify that, for example, we are going to go over budget on a certain program, or, you know, there are some other changes that might require, you know, some shifting of funds from one program to another. Those are the kinds of things that require notification, and we have those now.

The idea of having a true Three-Year Plan includes the possibility, likelihood even, that there will be something during that 36-month period that requires Commission attention, short of a full-fledged annual update, which we are -- we are hoping very much to avoid. And, so, those are the things that would require a mid-term modification and a more formal presentation to the Commission.

Q Thank you. And would it be accurate to say that the Settlement amends how the process is proposed within the Plan or was proposed in the Plan?

A (Downes) It does.

Q And can you describe for me what that amendment is?

A (Downes) There are a couple of things. So, after the filing on September 1st, we agreed with parties in discussions that the triggers for the mid-term modifications were perhaps too wide open. And, so, we now have two exceptions that will require an MTM. The first is for us to file, for the Utilities to file, an updated three-year plan, based on the results of the upcoming avoided cost study, the AESC 2021 study, which is expected in next year, in probably the first quarter of next year.

And then, the second exception, and I can go back and clarify, if you'd like, the second exception would be, as we were discussing before, if there are net-to-gross adjustments to the Plan as filed that would impact annual -- annual and lifetime savings goals or benefits, and that those would also result in an MTM.

So, those are the two exceptions. What we've -- we substituted those two narrow, but significant, changes for the more open-ended MTM opportunity that we had in the original 9/1 filing. That allows for mid-term modifications more generally, based on evaluation updates. And we have since, and in settlement, said we won't come back for those other evaluation-type changes and updates.

Q And, so, I think in the Settlement, at Page 11 where it describes this, it uses the phrasing "primary energy savings", and then describing what no longer triggers modifications. Is that correct?

A (Downes) Let me please catch up. Which paragraph are you in please?

Q That is the Settlement, at Page 11, the "Mid-Term Modification Triggers" section.

A (Downes) Uh-huh.

Q It's about halfway through the paragraph.

A (Downes) Yes.

Q And it says "to the extent [those changes] concern projected changes in planned benefits or primary energy savings." And I'm curious what the phrasing "primary energy savings", what exactly that refers to?

A (Downes) I see. In other words, for electric programs, it would be the kilowatt-hours and kilowatts that may be impacted. And, for the natural gas programs, it would be the natural gas

MMBtus. Those are the things that are tied to the performance incentive.
A (Peters) Can I make an addition to that answer, Brian, that I think might be helpful?
Q Certainly.
A (Peters) On Bates 045 and 046 of the Plan as filed, the bottom of Page 45 and the top of Page 46, there are the bulleted items that we had intended would require a mid-term modification.
So, there are six bullets there. The first is "Inclusion of a new program"; the second "The suspension or closure of an approved energy savings program"; the third is "An increase in a sector's approved term budget exceeding 110 percent"; the second **[**fourth**?]** is "A projected decrease to the planned approved" -- "planned and approved benefits or primary annual energy savings".
So, those first three bullets remain in the Plan. That fourth bullet is superseded by the Settlement. And the fifth bullet is superseded by the settlement. The fourth and fifth bullets are the MTM-related bullets that relate to primary energy savings that are

superseded by the language in the Settlement that we've adopted.

Q Thank you, Ms. Peters. That is helpful in understanding that definition.

The next question I would ask on this topic is, amongst the Settling Parties, are the New Hampshire Utilities the only entities who may file for mid-term modifications?

A (Downes) Yes. That's the -- that's the Settlement language, yes. And, in fact, that was also in our Plan as well.

Q And, as the Commission itself is not a settling party, is there anything that would prevent the Commission from opening an investigation and maybe directing a mid-term modification?

A (Downes) I don't think so. I mean, the Settlement does not bind the Commission from opening an investigation on anything it wishes.

Q And could you envision a scenario of where circumstances outside of the Utilities' control warrant modification of the Plan during the three-year period, but maybe it is not in the pecuniary interest of the Utilities to modify the Plan?

A (Downes) Do you want to give me an example, because I am not coming up with something? But I'm not -- I don't want to foreclose that there may be such a thing.

Q Sure. Sure. So, let's say that there are evaluations in neighboring states that say some major market has transformed more quickly than we anticipated. Is it conceivable that it might not be in the interest -- the pecuniary interest of the Utilities to change their plans drastically in year two or three or something along those lines to accommodate those changes?

A (Downes) It's true that that might be a -- that might have a negative impact on our plans, yes.

Q Okay. Now, --

A (Downes) But I'm not sure I've answered your original question. I think that's an obvious statement, right, that that can certainly happen.

So that, under the current Settlement, the idea would be that we would continue to operate under the existing Plan with the existing goals, and not file a mid-term modification. The concept of the mid-term modification is really to ensure that there is -- there is opportunity to alert the Commission and the Parties, should there be a change that warrants coming back to them.

And, so, that is why the avoided cost study is one area where we will -- we know that's going to have an impact on benefits. And, so, we will come back to the Commission with an adjust -- you know, showing the adjustment resulting from that change.

Q Thank you. So, now I want to move back to the Plan very quickly, and just note that the Plan, at 37, or maybe it's 46 now, also suggests that transitioning a pilot to a full program would require only notification of the Commission. Is that correct?

A (Downes) Yes.

Q And the only pilot currently provided for within the Three-Year Plan, as of right now, is the Energy Optimization Pilot, is that correct?

A (Downes) My colleagues can correct me if I'm getting this wrong, but I believe that that is the case.

Q And can you tell me what the difference is between a pilot and a full program?

A (Downes) Sure. And there may be a better definition. And, Kate, I don't know if you have the language between those two handy and may be better able to answer this.

But my understanding is that a pilot is based on an untested offering that needs to be evaluated in order to determine, both from a process point of view as well as an impact point of view, whether it is worth scaling up and becoming a full program that's part of the portfolio. And the program -- and part of the portfolio would be earning -- it would have a goal associated with it related to energy savings and benefits, and it would be part of the, you know, the PI formula, as part of the calculus of whether we have achieved our goals or not.

Q And, so, you mentioned evaluation of pilots. Is it correct that last year, and actually the last two years maybe, there were ongoing pilots in the realm of active demand response as part of the energy efficiency programs?

A (Downes) Yes.

Q And have the New Hampshire Utilities concluded an evaluation of those various active demand response or active demand reduction programs?

A (Downes) There have been, and there may be people on the panel who are better able to answer this than I, or people who are not on the panel, but can be sworn in, who are more familiar with the active demand activities, both in New Hampshire and in our neighboring State of Massachusetts.

But my understanding is that the Utilities did participate in a multi-state evaluation of the C&I Demand Program. And, while we did not participate in the Massachusetts Residential WiFi ADR Evaluation, the programs are remarkably similar in design and in terms of implementation, and even the vendors and the utilities that are offering them, that that evaluation could serve as an indication of the success or potential success of that program in New Hampshire.

A (Peters) I would just add that the information that a pilot is trying to determine, while it may be slightly different depending on what the pilot is, is generally what -- how do we interact with the customers in the marketplace? Are we, you know, setting our customer approach and our incentive levels as a way to achieve the savings? And are we confident in calculating the energy savings that would be achieved from the item that we are piloting?

And, so, once you understand those two factors, whether from an evaluation of a pilot that we have done here, or from evaluations of similar offerings in other states, or a combination of the two, once there's a level of confidence in kind of the marketplace, you know, interactions and approaches, and in the energy savings achieved, then that pilot really could become a full program.

And, so, it may be slightly different for different offerings, depending on what it is we're trying to understand. So, to me, those are the two elements that are most important when determining a program versus a pilot.

Q And, so, I think I heard, what I heard Mary say, or Ms. Downes say, was that there -- New Hampshire participated in a evaluation of C&I load curtailment offerings. And there is an evaluation of WiFi thermostat offerings that was conducted in Massachusetts that New Hampshire did

not participate in, but I think it's possible that the New Hampshire Utilities' affiliates did participate?
A (Downes) Yes.
Q And does the same stand true for the battery storage offerings, the bring-your-own-device offerings, or specifically the pay-for-performance offerings that are set forth within the Program, within the Three-Year Plan?
A (Downes) Unitil -- I can't speak to Eversource directly, but I know that Unitil did have a pilot in Massachusetts for battery storage for residential customers that was evaluated, as did National Grid, which is another utility in Massachusetts.
And I believe that Eversource has also had this program, because there were pilots that were set up slightly differently in order to test different things, but they have also evaluated their program.
A (Peters) Yes. I do not know the exact evaluation framework for those measures in Massachusetts. But I do know they have been approved as full programs in Massachusetts, and are operating as

such at this time. So, we feel confident in our knowledge base.

Q And, so, if I were to ask you what the scale of deployment that was evaluated in Massachusetts, i.e., was it 300 batteries or was it 15 batteries, you would not be able to tell me that answer?

A (Peters) I don't know the answer.

A (Downes) So, I can say that is Unitil's demonstration in Massachusetts was small. And, after further investigation in preparation for the Plan, we aren't actually proposing at this time any battery storage for New Hampshire in the coming term.

However, we would reserve the right to add that measure to our portfolio of active demand measures should we get more information about its, you know, our ability to make it successful.

Q Okay. I'll move on to the next topic, which is the "Avoided Energy Supply Components Update".

A (Downes) Uh-huh.

Q So, the Settlement, at 11 through 12, describes an approach from program results of the to-be-completed Avoided Energy Supply Components Study, where the program administrators would file updated benefit-cost models by September 1st, 2021, which would then apply to the 2022 and 2023 Program, is that correct?

A (Downes) Yup.

Q Now, at Page 11 of the Settlement, it appears to say that "When the updated values for marginal avoided costs become available, the New Hampshire Utilities will update the AESC 2018 values currently used in their benefit-cost models, apply the values from AESC 2021 to 2022 and 2023, and seek Commission approval for such revisions." Is that correct?

A (Downes) That is what it says.

Q But then I notice later on Page 12, it says much of the same of what I just noted, describing "amended attachments", and then says "but shall not require the Commission to commence a proceeding." Is that correct?

A (Downes) Yup.

Q Now, it seems a bit like those two statements are at odds with one another, where it says shall "seek Commission approval for such revisions", but also says "shall not require the Commission to commence a proceeding."

Can you explain for me exactly what is meant between those two descriptions?

A (Downes) My understanding is that the -- because of the -- because the avoided costs are developed by a multistate working group, with the expert modeling and, you know, input of Synapse, which is how it's worked for several years, with the one exception when we had a different vendor, that those updated avoided costs would be essentially dropped into our models, and we would provide the output to the Commission for their information. And it may be -- I agree, there's a little confusion there, but our understanding would be that the Commission would essentially review that, ensure that they understood it, and say "Yes, we got it. Go ahead. You're all set."

And, so, it would -- it would be great to have the Commission to acknowledge that they have received it and have approved it, but it would not require a hearing or, you know, a lot of back-and-forth. It's basically "take this set of benefits and substitute it for the old set of benefits."

Q So, my understanding of what you just said is that you wouldn't require approval, but you would seek approval? Wouldn't require a proceeding, but would seek approval?

A (Downes) I think I'm going to ask to, you know, take this back and ask for clarification, because I'm not sure I should be interpreting this. Or, I don't know if Kate is going to say the same thing, but --

A (Peters) Yes. I think we're trying to say that the avoided energy supply cost inputs, as Mary said, that would replace the current inputs in our models, this is not a kind of "area of contention", where we would anticipate there are multiple points of view that would need to be kind of reviewed in this sort of process. This is a study. It will be done. The results will be finalized. And we will take those results and put them into our models to replace the current numbers in the models. The output, you know, would result in new benefits calculations for the goals for the Three-Year Plan. It seems reasonable that the Commission should give an approval of those new goals, but we would not anticipate the need for a hearing process like this one. As Mary said, I'll leave it at that, in terms of that I'm not sure on the legal maneuverings and definitions and all of that. But that's the intent.

Q So, at a high level, the updates are filed with the Commission, and then the Commission decides what it wants to do? Is that a good description of what I just heard?

A (Downes) I think we would hope that, in the order that's provided on this Settlement, that the Commission would clarify what they would do, in terms of either receiving it and approving it, or wanting to open, you know, a hearing on it. And that's up to the Commission, I think.

Q Okay. So, moving on. Is it foreseeable that adoption of the AESC Study Update would result in significant decreases to avoided costs, and therefore Plan benefits?

A (Downes) Yup. That is a possibility.

Q If you had to project a number for this decrease, based on any drafts of the study you have received to date, what would your projection be?

A (Downes) I don't really want to get into hypotheticals. There are some draft results from the avoided cost study, but they're based on sort of regional averages. And, as you know, there are state-specific outputs that are created by Synapse that are different -- that differ from that median regional average, based on, you know, a bunch of assumptions that may or may not be the same as what New Hampshire uses in their models.

Another thing is you're -- yes, there are just -- there are a lot of moving parts, and I would hesitate to put any number on it.

Q In your expert opinion, is it likely that changes from the Avoided Energy Supply Cost Study Update would result in changes to the programs we are approving today and would need a mid-term modification?

A (Downes) There are a couple questions in there. I do think that the benefits will have an impact -- the benefits will change, no matter what happens, the benefits are going to change. And, if you're asking whether or not that may result in the Utilities and our implementation staff and our vendors in reviewing some of the measure makeup and the emphasis that we have, yes. But that is something that is going to happen from market changes regardless, and that is something that I think the three-year term is intended to allow the Utilities the flexibility to do, without having to come back to, you know, a full review by the Commission.

And, in fact, that's also the kind of thing that we would work with the Stakeholder Advisory Council to discuss and to, you know, confer on that and, you know, alert to any changes that might result from a decrease in benefits that may have impacts on, you know, a measure here or there that is, you know, perhaps no longer cost-effective or no longer is good a candidate for pursuing in the marketplace.

Q And, so, you just mentioned that may have -- the update of avoided energy supply costs may impact a measure that is already there. But are there programs that would possibly no longer be cost-effective, based on the mix of measures that are currently included?

A (Downes) I think you have to keep in mind -- I'm sorry to talk over. I think you have to keep in mind that the Plan is just a plan. It's like a budget. It's the best that, you know, it's the best effort that you can make at the beginning of a long period as to how things are going to go.

And, so, I think that if it's, you know, if -- I don't know the answer to your question, because there are so many variables involved, in terms of whether a program would no longer be cost-effective with the new avoided costs dropped in. However, I don't think that, even in that instance, if a program were to drop below 1.0 on the Granite State Test, that it should impact the approval of the updated benefits resulting from the avoided costs, because the Utilities are on the hook for realizing the goals and retaining portfolio cost-effectiveness over the term, and that would not be something we would -- we would seek to change.

We will, in fact, you know, pursue all cost-effective energy efficiency at 100 percent of our goals or more, to the extent that we can, and at a cost-effectiveness level that, you know, that applies to the whole portfolio.

Q Ms. Peters.
A (Peters) Yes. I just wanted to clarify. So, if a result of the changes from the Avoided Energy Supply Cost Study were a determination by the Utilities, as Mary noted, likely in consultation and discussion with the Stakeholder Advisory Council and others, if we were to determine that those AESC updates meant that a program, you know, a full program needed to close, that that would require a mid-term modification, if we go back to those first three bullets on Page 45 of the Plan.
If the results of the AESC, as Mary just noted, meant that, you know, a measure within a program may not be a measure we want to offer as much of as we had initially planned, we would simply refocus efforts onto other measures within that program. We wouldn't need to close the program. We would still utilize other measures within that program to achieve the goals. If that helps?
Q How about the Home Energy Report Programs?
A (Downes) What about them?
Q If there were a significant decrease in avoided

costs, do you have the same ability to change measurements there? I assume the answer to that is "no"?

A (Downes) I believe that the -- first of all, I believe the Home Energy Reports Program, at least for Unitil, is cost-effective enough under the current Plan that even a fairly significant drop in benefits would not bring it below 1.0.

However, and you're right, that there's less flexibility to concern the multitude of measures that can be changed in and out in the Home Energy Reports Program. But we do have, you know, a working relationship with our vendor to increase email traffic or get more, you know, specific in terms of the focusing. So, we do have some levers **[?]** with our vendor on the Home Energy Reports as well.

Q So, you're saying that the Unitil Home Energy Reports Program is cost-effective enough that you have flexibility?

A (Downes) I believe that's the case over the term, yes.

Q Okay. Maybe we'll -- it is possible we could end up coming back to that.

But just to move on from the HER to the ADR Program and how it might be impacted by an AESC update. Do you have some understanding of the level of impact there will be to avoided capacity costs likely in the next updates?

A (Downes) As you and I have discussed in the EM&V Working Group, Brian, I think the approach to passive demand in the Avoided Cost Study is different than the approach to active demand in the Avoided Cost Study. And I don't think that we have any preliminary results on the peak hours of -- that are being investigated by the Avoided Cost Study. So, I don't think that there's the same level of concern.

We know that the peak hours are very valuable. I don't know that that -- that has changed to the degree that other electricity and natural gas benefits are appearing in from preliminary results to be changing.

And, so, to answer your question, no, I don't know.

Q Okay. Now, I'll move on to the "Technical Reference Manual" section.

So, the Settlement, at Pages 12 through

13 describes updates to the Technical Reference Manual, which would be filed with the Commission on December 1st of each year, and suggests that the TRM and benefit-cost models will be filed later this month. Is that correct?
A (Peters) What was the last part?
A (Downes) What was the B-C model part, Brian?
Q That the final TRM, and I believe it said the benefit/coast models will be filed later this month?
A (Downes) Oh. You mean -- you mean, literally, this month of 2020?
Q Right.
A (Downes) Yes. That's correct.
Q And can you describe for me when the Commission should expect these final versions?
A (Peters) Can I clarify just one thing on the benefit-cost models?
Q Uh-huh.
A (Peters) So, the information in Exhibit 2, all of the attachments to the Plan are outputs from the benefit-cost models. And those are finished for this hearing. And the information in Exhibit 2 is correct, as it reflects the Settlement in the

benefit-cost models.

I think our intention, with the actual kind of model spreadsheets themselves, would be to, once we understand the Commission's direction, and whether there are any other changes that might come from an order, we would intend to post the final benefit-cost models that reflect the final version of the Plan as approved by the Commission on the Commission website.

But, in terms of, you know, for data and information purposes, Exhibit 2 is up-to-date and accurate and filed with the Commission, and those are the outputs of the benefit-cost models reflecting the Settlement Agreement.

A (Downes) And I would just add that it's really important to understand the role and the function of the TRM. It's a guide to our planning, but it is not prerequisite to our planning. Really, it's the reference guide that establishes consistent and transparent rules of the road for calculating and reporting on our savings. So, it's -- that is what we are doing with the TRM.

We've operated in New Hampshire to date without a specific technical reference manual.

And, so, we are really proud of the work that has gone into that. And it will provide, you know, a very transparent means of everybody understanding how we're calculating savings for reporting purposes.

For planning process, as you know, like things can change at a, you know, at a -- we don't know exactly how many air conditioning units we're going to be putting into the field. We have an estimate in our benefit-cost models for planning purposes. But it's an estimate, and things will not, like a budget, things won't be exactly as planned.

For reporting purposes, the TRM will be our guide. And, so, that is the thing that -- that's the purpose of the TRM.

A (Peters) And just to clarify on timing. I believe we made a commitment in prior dockets that the TRM will be finalized and published by the end of 2020. And we are actively working to finalize all the little reviews and dotting of t's *[sic]* and crossing *[sic]* of i's. It has many pages of documentation, and intend for it to be available online, and in a single document to the

Commission before the end of this year.

Q And, so, the changes that might occur between what is filed now, as the models, and the TRM, and that the cost models that are filed in the future, it sounds like maybe after -- maybe by December 31st, and may be updated subsequent to a Commission order, would those changes flow through to the state -- the planned savings goals and/or benefit assumptions?

A (Downes) I think, as Kate just stated, what is before the Commission today, from the Settlement, is what we are asking to be approved. And the details of whether we have, you know, a minor change in one or two measures is immaterial, as far as the Commission should be concerned, I think. Those are immaterial. Those are noise.

And, so, we are aiming to get the TRM finalized, in order to be able to start using it in 2021 for reporting purposes. That the Plans as filed, and the outputs that Kate just described, that's what we're asking for approval of.

Q Okay. I'll move on. The next section would be the "Interim Changes in Program Budgets" section.

Where I think that there is a contention between what is said in the Plan and maybe what's in the Settlement, and I just want to clarify exactly which one is correct. And I assume it's the one in the Settlement, so I'll give you the opportunity.

A (Downes) Uh-huh.

Q The Settlement contains a provision at Page 13, which requires notification of the Commission if an individual program's expenditures are forecast to exceed 120 percent of its 36-month budget. Is that correct?

A (Downes) That is correct.

Q And, if you turn to the Plan, at 43, it says that notification is required if "program budgets are adjusted by less than 20 percent of the approved term budget." Is that correct?

A (Downes) Yes. And we believe that that was an error, just a typographical, or I'm not sure if it's -- it was an error in the original Plan, that "less than" should have been "more than".

Q Okay. That's helpful. Now, I will move on to the targeted deployment of heat pumps to displace electric resistance heating section. The

Settlement, at 14, discusses an adjustment to the Plan that would increase the planned number of electric baseboard heat to heat pump conversions by 1,200. Is that correct?

A (Peters) Yes.

A (Downes) I'm going to let Kate answer these questions, because they more pertain to Eversource.

Q And, Ms. Peters, you said "yes", is that correct?

A (Peters) Yes.

Q And I guess, in response to what Ms. Downes just said, is there an allotment of this commitment between program administrators or program years? And, if so, could you describe that?

A (Peters) This is a change that Eversource made in our Plan models, a change that happened during the Settlement Agreement. So, it's different from the September 1 filing for our program.

Q And can you tell me why it's just Eversource?

A (Peters) Sure. So, there were a few things we were looking to accomplish within the Settlement Agreement. One of those things was areas where we could reduce the impacts on the C&I rates, but also to keep the energy savings as much as we could in the Plan. And, so, one of the things that was identified through testimony of some of the other members of the Settlement group and discussions was that we could achieve more energy savings in the Residential Sector if we put more emphasis on replacing electric resistance heat with heat pumps.

And, so, Eversource took an approach for the Settlement where we reduced some of the budget and savings from the C&I Sector, and we increased budget and savings in the Residential Sector, primarily in this area of heat pumps, replacing electric resistance heat.

And, so, this was a piece of the overall approach to getting to the Settlement numbers that you see before you. And I think it was a good suggestion and recommendation, and something that we are excited to promote going forward in the next three years.

Q And is there -- is there any downsides to this type of a program? I'm just curious why it's just Eversource that is introducing this, rather than the other utilities?

A (Peters) So, the other utilities also can replace electric resistance heat with heat pumps, and may indeed do a number of these projects over the next three years. So, they are not precluded from it, and they are not, you know, intending to not do it.

But, in terms of planning, it is something that we have not specifically focused on in New Hampshire before. The other utilities have smaller territories, Liberty and Unitil, and it was a little less available to us during the timeframe of creating the Settlement what kind of opportunity there was for their customers in this area. Whereas Eversource has the larger territory, and we, you know, we're able to make the assessment that the goals that we're setting out here are ones that should be workable and that we can work to achieve.

So, it may be a matter of timing. I expect the other utilities will do some of these measures, but Eversource focused on them more in the Settlement adjustments.

A (Downes) Yes. I'll just add that --

A (Stanley) If I could just -- I apologize.

A (Downes) Go ahead, Eric.

A (Stanley) Oh. I'm sorry. But I would just add that, for Liberty, and I believe for all of the companies, we've all planned a certain activity level for this type of customer investment, and we've historically serviced these types of jobs over the years.

I think what's different, as far as the Settlement Agreement, is that there's a more notable increase in the planned investment for Eversource. But it's not as if the other companies are not planning to serve these types of projects. We have served them in the past. We will continue to serve them.

But, specifically, for Granite State, we've more than doubled our estimate, in terms of what we're going to try to achieve as part of the Plan for this type of market opportunity. But it's not zero. So, just to be clear on that.

A (Downes) I'll just add that, again, this is the Plan, and not the report. And it is a little daunting to overestimate the amount of baseboard heating that you're going to replace, because there's excellent electricity savings. So, based on past experience and past investigations that, you know, we have not found that there are that many available to replace. And, if you put too many in the Plan, then you are a bit on the hook for that electric savings. But we are most certainly going to pursue those vigorously.

A (Woods) And I guess I would just add, for New Hampshire Electric Co-op, that this discussion came up rather late in the Settlement discussion process. We didn't make changes to our Plan, but we do expect that we will be investigating and looking to do this going forward, as we did actually have some planned in the HEA Program in 2023. But we will look at that earlier.

Q Okay. Thank you. That is helpful. Now, I'm going to move on to the "Stakeholder Advisory Council" section of the Settlement, which I believe is at Pages 15 through 17.

And the Settlement notes that the Stakeholder Advisory Council would make decisions via a consensus/non-consensus process, is that correct?

A (Peters) Yes, it is.

Q And how would this Stakeholder Advisory Council differ from the working groups that were the result of the Commission's order approving the last Triennial Plan?

A (Peters) So, the Stakeholder Advisory Council is intended to be a broad stakeholder group that both allows for consensus decision-making and, you know, a kind of ongoing discussion of docket topics within a framework that we think will work for all of the stakeholders. So, I'm not sure I can enumerate like a list of points of one versus points of another. But we think that this will be an effective way to engage with, you know, both the Commission Staff and numerous other stakeholders who are interested in talking about these topics as the Plan goes on.

Q Now, at the bottom of Settlement Page 15 it is, I believe, it mentions a determination by the Council relating to the leadership and operating rules of the Council, is that correct?

A (Peters) Yes.

Q And can you give me a sense of what is meant here by "leadership and operating rules"?

A (Peters) I think most groups like this end up electing a chair and/or a vice chair, and some level of operating rules as to how meetings will take place and who is taking minutes, and those sorts of things. So, that's my understanding.

Q And, if there were disagreements on the leadership and operating rules of the Council, would that disagreement go to the Commission for resolution?

A (Peters) My understanding is that the Plan, as filed and approved, so, whatever the Commission approves for the Three-Year Plan will be how the programs operate within the structure of mid-term modifications that we just discussed, and that the Council will be providing input and advice and a role in, you know, kind of education and understanding as we implement the plans. And then, it will provide a forum for discussion and stakeholder consensus in creating the next three-year plan.

Any kind of official changes to either the current Plan, or any filing of the next plan, is still something that the Utilities, as the program administrators, would need to officially bring forth to the Commission. And I don't think that changes in terms of the, you know, existence of the Council.

Q Understood. But what I am more specifically asking about is, so, there's a description of the consensus/non-consensus approach. And I'm just wondering if that same approach, where ultimately something that is non-consensus might go to the Commission or does go to the Commission, applies to the leadership and operating rules?

A (Peters) I don't -- I don't think so, Brian. I think that the Council is intended to operate as a stakeholder body. And I guess, if there were no consensus, then, you know, the Utilities and Council members would have to determine how that impacts whatever next plan the Utilities file or whatever kind of official action the Utilities took, in terms of bringing a mid-term modification to the Commission. As I said before, ultimately, those things are the responsibility of the Utilities.

And, so, if we were to file something that did not have a consensus agreement by the Council, I think we would need to explain that, and that would come out in the docket process.

A (Downes) And I want to point out that we had a stakeholder process for the last three years that has not needed to come to the Commission to resolve any kind of disputes. We've actually had a very successful, you know, yearlong process of developing this Plan that resulted in, first, in the draft -- or, the Plan that we filed on September 1st, and then subsequently resulted in the Settlement of all but one party.

Q And maybe just to be a little bit more specific in my question, let's say there is a disagreement about -- in many other states, they have stakeholder groups like this, where there is some sort of an executive committee that helps to set the agenda and steers things. If there were a disagreement about the leadership of that executive committee, or maybe the operating rules, how is that resolved? Is that resolved by identifying the non-consensus points and asking the Commission for guidance?

A (Peters) I honestly -- I don't know. I would hope that the Stakeholder Council would be able to elect leadership and operate under some consensus rules of understanding it. And, honestly, to me personally, has not occurred that that might not be possible. So, --

A (Downes) Yes. I think we're getting into the speculative area, Brian. I think, you know, the experience in Massachusetts is that the Department of Public Utilities really doesn't tell the Energy Efficiency Advisory Council, which is not the same as what we're proposing here, but they don't have -- they don't told them how to operate. So, I think that would be the understanding here.

And I also -- we have other panelists who may be interested in speaking to this point as well.

Q I think I can move on, unless there are others who want to speak to this point?

A (Hill) The only thing is, I would agree with what's been stated.

Q Thank you. I would ask one last question related to this Advisory Council, and specifically because of the use of the word "advisory". And this, at first, is going to sound like I'm asking for a legal opinion or interpretation of a statute, but it's not, and I'm just asking if it was something that was considered.

Have the Settling Parties considered

whether this Advisory Council, as proposed, would constitute an advisory committee for the purposes of RSA 21-F:11 **[**21-G:11**?]**?

A (Peters) I do not know the answer.

A (Downes) I didn't respond, because I didn't -- when you start citing a statute, Brian, it becomes a legal question.

Q So, I understand that, if you don't know whether it is an advisory committee for the purposes of that statute, it is something that was not considered by the Settling Parties?

MR. KRAKOFF: I object. Anything that was talked about in our settlement discussions is, you know, not subject to testimony. So, please don't answer anything that was raised, anything that was discussed during the discussion of the Settlement.

MR. BUCKLEY: That's fair enough. I can move on anyway.

BY MR. BUCKLEY:

Q Now, I'm going to head to the active demand reduction portion of the Settlement, or rather maybe the Plans. So, the Plan, at Page 207 through 208, describes revisions to the performance incentive that would create a new metric for the ADR Program, the Active Demand Reduction, and shift some of the weighting from the passive demand metric, that was recently approved by the Commission, to the new active demand metric, is that correct?

A (Peters) Yes, it is.

A (Downes) I'm not seeing where you are in the Plan. The 207 is the end of the -- is the end -- okay, I think we're just offset pages here, maybe. I'm not sure.

Q Yes. So, I am in --

A (Downes) Okay. Are you talking the original Plan, by the way, or the Settlement version, just for Bates numbers purposes?

Q That might be the issue here, is that I initially used the initial Plan.

A (Downes) Okay. I think we're on Bates 216ish in the Exhibit 1, Part 1.

Q Right. Exactly. Exactly. So, would it be accurate to say, as just mentioned, that there's a new piece here that would be what's shown as number "5" on that Table 10-1, and it is for "Active Demand Savings"?

A (Downes) Correct.

Q Can you briefly explain to me the difference between "passive demand reduction" and "active demand reduction"?

A (Downes) I believe it's described in the narrative. But "passive demand" is -- let me back up. When we develop energy efficiency programs, we're primarily focused on reducing energy consumption, or kWh, on the electric side. There is, of course, related to the reduction in energy use, or actually a prerequisite that we reduce the delta watts between the piece of equipment that we're replacing or substituting, and the piece of equipment that's high-efficiency that we're replacing it with. So, if you have a 100 watt light bulb, and you're replacing it with a 50 watt light bulb, these are gross numbers, you have 50 watts of savings. And, if you use that light bulb over ten hours, you now have 50 kilowatt-hours, right? So, the passive demand is related to those energy efficiency measures.

"Active demand", by contrast, is where you're actively going after reducing peak demand in the worst parts of the summer where the grid is stressed to the max, right? We have all of the resources that we can throw at it are either working or on standby, and we want to be able to try and bring that down, so we don't have to bring new generating facilities on line. So, the active demand is a more direct focus on the peak.

Q And, so, would it be accurate to say that passive demand is more something that's just already associated with the broader energy efficiency portfolio, and that active demand is something that is a little bit more targeted towards those specific temporary peaks?

A (Downes) Not just "a little bit more targeted", but solely targeted, yes.

Q And, so, can you explain for me how the performance incentive would be calculated for the purpose of the active demand component?

And it might be helpful to turn to Exhibit 38 for this.

A (Downes) Give me a moment. So, your question is specifically, I have the exhibit open now, your question is specifically how the performance incentive would be calculated off of the active demand achievement?

Q Correct. Yes.
A (Downes) So, following the description of Exhibit 38 that you just pointed us to, we would compare the planned active demand value with the reported active demand value, to determine what percentage of the goal we had achieved. And, if it exceeded the threshold of 65 percent, we would calculate -- hold on a second, let me go back -- we would calculate 5 percent of the -- the entire performance incentive would be weighted towards that achievement.
Q And, so, if I could direct you to Bates Page 002 of Exhibit 38?
A (Downes) Yes.
Q It looks to me, and you can please tell me if I'm wrong, but it looks like the overall utility cost of Eversource's ADR Program being 35, is that "million dollars", over the three-year period?
A (Downes) It appears to be, yes.
A (Peters) Sorry, Brian. This is -- the example is for 2019. That's 2019's budget -- or costs, 2019 spending.
Q And, so, can you tell me, is the active demand reduction incentive determined based on the

overall portfolio spend or based on the spend associated with the Active Demand Reduction Programs?

A (Peters) All of the elements of the performance incentive, all of the metrics are based on portfolio spend. And all of the metrics added up together, if you were to achieve 100 percent of your goal and spend your budget, you would achieve the 5.5 target performance incentive. So that it's calculated -- the performance incentive calculation is structured in a way that all of the elements of that calculation are related towards total spend, even though different elements achieve different pieces of the goal.

Q And, so, can you tell me what the Utilities would have earned, if there was a performance incentive set up like this one in the 2020 period, approximately what percent of the spend Eversource would have earned for its performance incentive on the ADR programs?

A (Peters) I could not tell you that off the top of my head at all.

I think, so, if -- in a more hypothetical and numerical way, if Eversource achieved its target for the active demand portion of the performance incentive, it would then, just as for any other portion of the performance incentive, would use the multiplier of the actual spend to calculate the performance incentive for that program.

Q Is it conceivable, under the current weighting of the performance incentive, that the -- or, the currently proposed weighting of the performance incentive, that the incentive provides the Utilities, for the Active Demand Reduction Program, would be significantly higher as a percent of program spend -- or, rather, significantly higher as a percent of the utility cost of that program than all of the other components, because it is based on overall portfolio spend under the performance incentive, rather than the spend of that specific program, which is separate and apart from the portfolio?

CHAIRWOMAN MARTIN: Just a minute. Just a minute. Ms. Downes, we have just lost you. Oh, and you're back. We lost you for a minute there.

WITNESS DOWNES: Huh. Sorry, it wasn't

me.

CHAIRWOMAN MARTIN: Okay. Go ahead.

BY THE WITNESS:

A (Peters) So, I want to clarify the performance incentive. So, the performance incentive is structured to create a portfolio set of goals. So, we have a number of different metrics that we are looking to achieve with these programs. Those metrics have been enumerated within the performance incentive, the structure. And we have a budget that we have determined through planning is the appropriate budget to achieve those goals.

And the performance incentive gives weighting to those goals, in terms of, you know, there was a whole working group, as everyone here I think is aware, and we spent a lot of time discussing the weighting of different portions of the performance incentive. And, so, what that does is it tells the Utilities kind of, you know, where the stakeholder level of importance is in some ways for achieving those portions of the performance incentive.

But the performance incentive itself is

based on a portfolio level, it's a portfolio budget, and the Utilities need to work to achieve each one of the metrics within that budget. And, if we cannot achieve one metric, we don't earn on that metric. And, if we can achieve other metrics, we earn on those metrics. The whole thing is kind of a single framework that works together.

A (Stanley) Can I add, Mr. Buckley, that, at least for Granite State Electric, our Plan term budget for active demand response within Granite State Electric represents 5 percent of our total portfolio budget during the term. It's actually 5.03 percent, using net present value dollars for the budget. So, it aligns with the PI, presented at least for Granite State Electric.

A (Peters) That's a good point, Eric. I was not headed toward that calculation. But I think, if you did the numbers, the Eversource budget would come out in a similar place for active demand.

A (Downes) Can I also point out that I think this may be the first time that I've heard there being some kind of question about the level of funding for active demand from anyone. We had talked about this all through the stakeholder process, in our April draft, our July draft, the 5 percent was proposed. And I did -- this is coming as news to me that this is somehow objectionable.

MR. BUCKLEY: So, I would just note we are -- I am not objecting to anything. I'm just trying to put forward information about the level of performance incentive for the Active Demand Reduction Programs, compared to the level of the overall portfolio.

But I think, with that, I can hand it over to Mr. Dexter for just a little bit more cross of this panel. But I think we are nearing the end of our cross of this specific panel.

CHAIRWOMAN MARTIN: Mr. Patnaude?

(Brief comment by Mr. Patnaude regarding a short recess.)

CHAIRWOMAN MARTIN: Absolutely. Let's go off the record and return at 11:05.

(Recess taken at 10:57 a.m. and the hearing resumed at 11:07 a.m.)

CHAIRWOMAN MARTIN: Okay. Let's go back on the record. Go ahead, Mr. Dexter.

MR. DEXTER: I think I heard my name,

Chairwoman Martin, was that correct?

CHAIRWOMAN MARTIN: You did. I said "Go ahead, Mr. Dexter."

MR. DEXTER: Very good. Thank you.

BY MR. DEXTER:

Q I'd like to continue the discussion on performance incentives. And I'd like to direct the panel's attention to Exhibit 2, Bates 375, which I understand to be Eversource's calculation of its performance incentive projected for 2021.

And my question is -- and my question is, is it correct that Eversource projects earning, in 2021, $3,887,000 in performance incentives, assuming they meet 100 percent of their savings goals?

A (Peters) Sorry, I'm just following you to the page. One moment.

Q Sure.

A (Downes) Would you repeat the page that you're referring to?

Q I'm in Exhibit 2, Bates 375.

A (Peters) Well, Paul, I -- Mr. Dexter, apologies, I see a planned performance incentive of 3.8 million.

Q Right. And am I correct that that column, as opposed to the next column, which is 125 percent, the one that doesn't have a percentage, would be earned if the Company reached its planned savings goals, which was set forth at the beginning of the hearing as 4.5 percent for the state?

A (Peters) So, just to clarify the performance incentive, this page that we're looking at right now is the illustrative earnings for 2021. If we were to achieve 100 percent of the savings planned for 2021, spending the budget that is planned for 2021, that 3.8 million on that page would be the resulting performance incentive.

But, as the Plan notes, the full performance incentive is a three-year PI. It all gets reconciled at the end. So, it is -- there is kind of a planned performance incentive for each year that aligns with the savings that are planned for that year and the budgets that are planned for that year. And then, the entire PI looks at the entire term of the Plan at the end, and calculates a performance incentive based on the term goals and the term budgets.

So, I just wanted to clarify that,

since we're looking at just a single year in the document.

You might be on mute, Paul.

Q Thank you for that answer. And along those lines, I'd like to direct the panel to Bates 368, which I think demonstrates what Ms. Peters just said, or goes along with what Ms. Peters just said. Because I understand this to be a compilation of the three years' incentives for all the companies.

And I'm at Bates 368. And I'm looking at the second to last line on that schedule.

Is it correct that, if the companies, as a whole, met savings goals that are embodied in the 4.5 percent for the three years, that, as a whole, the Utilities would earn 18 and a half million dollars in performance incentive over the three years?

A (Peters) Yes. That's the 5.5 percent planned target for the performance incentive.

Q And if you were to --

A (Stanley) May I just clarify? I'm sorry to interrupt. Mr. Dexter, can I just clarify? That also, to be specific, also assumes that the full budget is utilized as part of that calculation. So, if Utilities underspent, for example, then they would not earn that amount. It would be lower relative to the actual spending.

So, just to clarify the question.

Q So, I'm not sure I understand the clarification. So, the one answer said that, if the Utilities met their planned savings, they would achieve the 18.5 million. I think that's what Ms. Peters said. I think Mr. Stanley said, if the Utilities spent the budget that went along with the Plan, they would earn their 18.5 million.

A (Stanley) That's correct.

Q So, is it both or is it one or the other?

A (Peters) It's a function of both. There are two inputs. There's achieving the savings, and then the multiplier is the actual spending. And, so, either one, if it were out of alignment with what was planned, would shift the actual earning.

Q Okay. Thank you. And, if the Commission wanted to see the individual company's breakdown for performance incentive, that's set forth on that second to the last line of Bates 368, correct?

A (Peters) It is. And then, each utility has an attachment. It's the first attachment. So, for Eversource, Attachment E1, which includes performance incentive calculations for each of the three years and for the three-year term as a total. And each utility includes similar attachments for more detail.

Q Okay. Thanks. So, getting back to the page that I started with, which was just for 2021, with the caveat that you just gave that this is a three-year process, not a one-year process, I just want to compare that to 2020. And, in order to do that, I want to start back on Bates 370.

Do you know what performance incentive was projected for Eversource for 2020?

And let me rephrase the question, and pull out the book, because I still have the book from 2020. And, if I go to, back from the paper days, if I go to Bates 062, from the Compliance Plan that was filed January 15th, 2020 in the last docket, I find the schedule that looks very similar to Bates 375. And I believe it to be the corresponding calculation for the last year of the last triennium.

Does that sound reasonable to you?

This is just for Eversource. So, I'll direct this question to Ms. Peters.

MR. TAYLOR: Paul, I'm sorry. Are you referring to something that's in the record?

MR. DEXTER: No. It's from Docket 17-136, and it was the Compliance Plan that was filed January 15th, 2020. And it was the -- the "Compliance Plan" being the book, the plan that the -- it's essentially a refiling that the Companies have been asked to make at the end of each of the Plan Updates in the prior triennium, so that we end up with a Plan that reflects the outcome of the docket. That's what this is.

So, the witness can use other sources when I get to my question, if she wants. But I thought this might speed things along, because I think I have a number that I want her to compare.

CHAIRWOMAN MARTIN: Mr. Dexter?

WITNESS PETERS: I'm just trying to open --

CHAIRWOMAN MARTIN: I just wanted to point out that Mr. Buckley is not on the screen at the moment, and make sure that you're comfortable proceeding without having him on?

MR. DEXTER: Sure. No problem.

BY THE WITNESS:

A (Peters) I'm just opening up the 2020 document that you're referring to, Paul.

BY MR. DEXTER:

Q I appreciate that. I could read the numbers. But I just would like to confirm that we're both looking at the same page. If you have access to that, that would be great.

A (Peters) Just a minute. One moment.

A (Downes) Mr. Dexter, I realize that you've addressed your question to Ms. Peters. But, while she's looking for that, might I make a point, an observation?

Q Well, I don't have a question pending yet. So, I'd prefer to ask the question first. And then, if a panelist wants to add to Ms. Peters' answer, then -- right now, we're just trying to locate a document.

A (Downes) Very well.

A (Peters) I have found the document.

Q Excellent. Would you agree that the document that I've been talking about is essentially the same as Bates 375 in the current docket, but it pertains to 2021?

A (Peters) Yes. So, one pertains to 2020 and one pertains to 2021. Yes.

Q Sorry. Sorry. Right. From 17-136 pertains to 2020, correct.

And, at that time, Eversource's, I guess its planned performance incentive, based on the parameters from last time, at 100 percent, not 125 percent, was 2,611,000, is that right?

A (Peters) Yes.

Q Okay. So, if I compare 2,611,000 for 2020, to 3,886,000 -- 887,000 **[**3,887,000**]** from 2021, I calculate a 49 percent increase in performance incentive.

Can you explain why the Company is proposing a 49 percent increase in its performance incentive, based on this comparison?

A (Peters) So, as I think I noted earlier, the performance incentive is based on a number of metrics, energy savings metrics mostly, one of them is for benefits, but the overall target for the performance incentive is five and a half percent of the budget, if the metrics that have been set out are achieved. And that has not changed. So, the five and a half percent, kind of the way that that calculation relates to the budget is the same in 2021 as it was in 2020.

The energy savings targets and the budgets have changed from 2020 to 2021. And, so, the -- you know, the way that those calculations work out is reflected in the 2021 Plan and in the projected performance incentive that you see on Bates 375 that were referenced.

Q So, is it fair to say then that the increased savings goals that we spoke about on Thursday and the increased budgets that we spoke about on Thursday will also result in an increased performance incentive this triennium versus last triennium?

A (Peters) Yes.

Q That's all I wanted to establish. Ms. Downes, did you want to add something, because I'm now going to move into the 75 percent threshold versus 65 percent threshold?

A (Downes) No. Ms. Peters answered it.

Q So, I'd like now to talk about the change that's been presented by the Utilities in the threshold amount. And, before we do that, or to sort of help with that, I'd like to look at the chart that Mr. Buckley just had up, which I believe is Exhibit 1, Bates 216. And I'm going to take a minute to find that.

Can you explain the column "Minimum Threshold 65 percent", what that means?

A (Peters) Yes. So, the "Minimum Threshold" is the amount of the planned savings or benefits for that particular metric of the performance incentive that has to be met before the utility could earn any performance incentive on that metric.

Q And the threshold is set up as an "all or nothing" proposition within the six different elements, is that right?

A (Peters) Yes. Each element has its own thresholds, which would have to be crossed to earn for that element.

Q And, if you were, for example, to come up at 64 percent or 62 percent for the first item on that chart there, which is "Lifetime kWh Savings" is the metric, you would receive zero performance incentive on that particular metric. Is that correct?

A (Peters) That's correct.

Q Yet you could still, on Metrics 2 through 6, meet the thresholds and earn some level of performance incentive, correct?

A (Peters) Yes.

Q Now, in this Plan, the Utilities have proposed to change, from the last Plan, Metric Number 1 and Metric Number 2, from a previous threshold of "65 percent", to a proposed threshold -- I'm sorry, a previous threshold of "75 percent", to a proposed threshold of "65 percent". Is that correct?

A (Peters) Yes, it is.

Q And is that also correct for Item Number 6?

A (Peters) Yes.

Q So, Items 1, 2, and 6 were in the old Plan, they're in the new Plan, but there's a lower threshold proposed. That's I think what you said?

A (Peters) Yes.

Q And the other thresholds that the "65 percent" is next to have not been proposed to be changed this Plan versus the last Plan, is that correct?

A (Peters) That is correct.

Q So, could you explain why the Utilities have proposed to change the threshold for Items 1, 2, and 3, to reduce the threshold to 65 percent?

A (Peters) Yes. As we looked at the overall Plan and the energy savings targets, and the changes that are happening in the marketplace, the issue that needs to be balanced is the level of ambition and the level of risk. And, as I think we discussed last week, there is some level of risk in this Three-Year Plan. There are uncertainties in the marketplace. It is proposing energy savings targets that are higher than any we have ever achieved in New Hampshire before. We know that the potential to meet these energy savings targets exists, but there are some -- there is some level of risk as to achieving them in the marketplace.

And you can -- you can account for that risk as a utility probably in two ways. You could be conservative and look at risk and say "we should be cautious in the level of energy savings targets that we want to try to achieve, because there's risk there." Or, you can look at the framework in which the Plan has been developed, and say "we should, as a state, continue to try to push for and achieve that higher level of energy savings that we know is there that we have not achieved before in the past."

And the threshold within the performance incentive is an area that can be adjusted to mitigate the utility's risk in striving to achieve those goals, in a way that still encourages the utility, through the performance incentive, to achieve not only the goals that are set, but even more than those goals, up to 125 percent, if possible.

And, so, the adjustment of the threshold, as part of the Settlement Agreement and the Utilities' Plan, is an area that allows for a framework that encourages the Utilities to achieve a higher level of energy efficiency in New Hampshire, while mitigating some of that risk that might otherwise tell the Utilities to propose a more -- a lower energy savings target.

So, I think it's a positive change for this Plan given the marketplace conditions. And it allows us to work collaboratively together to achieve the targets that we've set out and actually encourage the Utilities to achieve more than the targets that have been set out.

Q Can you provide more --

A (Stanley) May I add?

Q I'm sorry. I didn't -- who was that? Mr. Stanley? Yes. Absolutely.

A (Stanley) Yes. Mr. Dexter, can I add, just briefly? That what's been proposed in the Plan simply applies what was the minimum threshold level in place for the Utilities as efficiency program administrators from 2002 **[**2012**?]** to 2019, where a 65 percent threshold existed for the lifetime savings metric and the benefit-cost ratio metrics, which were the only two metrics in place during that time period.

Q Right. And the thresholds were increased to 75 percent for those -- for these metrics as a result of the Performance Incentive Working Group, correct?

A (Stanley) That's correct.

Q So, back to Ms. Peters. You mentioned "current market conditions" and "current risks". Can you provide more specifics about what you mean by that?

A (Peters) Sure. So, as I think we've talked about before, this Plan is moving us into kind of a next phase of the energy efficiency marketplace. In the past, there has been a considerable opportunity for low-cost/high-energy savings lighting replacements to achieve the goals in the Plan, and we've been quite successful at implementing those measures.

Moving forward in this Plan, those lighting measures become a much less significant part of the overall energy savings. And we are moving towards new types of -- not completely new, but new efforts with our customers to achieve more comprehensive energy savings in their buildings through replacement of other types of equipment and other process changes, and so on.

And, while the potential for energy savings from all of these new measures and approaches exist, and we believe we can capture it, it is a newer element, in terms of planning and our approach to how to achieve the goals that are set before us. So, that's one piece of it.

There is marketplace shifting happening within the energy efficiency programs over the next three years. Which is exciting, actually, but there are some unknowns related to how exactly that will play out as we interact with customers to implement those measures.

We've also discussed a little bit the fact that there are some uncertain economic conditions at the moment related to COVID-19. We have been working hard to kind of predict and project and overcome those uncertainties. But I think, you know, the past year has shown us that things can happen that you did not expect to happen, and you need to have the resilience built into the Plan framework, in order to, you know, take those unexpected things in stride and continue moving forward with the programs. And, so, that's an element of risk that we are looking at, that perhaps the Performance Incentive Working Group had not conceptualized in any way when it had its meetings several years ago.

And I think I'll leave it at those two for now. I think there are probably other things that we could go into. But those are, to my mind, the primary ones.

Oh. So, I'm sorry, there is one more. The one more is, as I mentioned, just the goals that are significantly higher than what we have achieved in the past. And, so, any time we do planning, we like to rely on past experience to inform that planning. And this may be related to the marketplace piece that I talked about. We want to make sure that we are looking to achieve those savings for New Hampshire, but there is a level of risk when it comes to significantly increasing goals year after year, when you're doing planning. I'll leave it there.

Q So, my recollection from our discussion last week on the setting of the goals, at first 5 percent, and then reduced to 4.5 percent, was that they were set with those items that you just mentioned specifically in mind; the reduced savings as time goes by, as you get further into the market, and the unknown effects of COVID. Is that correct?

A (Peters) So, the goals and the performance incentive, and all the other elements of the Settlement Agreement were set in concert with one another. And, so, the goals were not set outside of the performance incentive construct, the 65 percent threshold was a piece of the discussion, and is an element that works together, along with the goals, and many other elements, to create the Plan as a whole.

Q Right. But my question was, when you set the goal to 4. -- first, 5 percent, and then reduced to 4.5 percent, those factors that you just talked about, the reduced potential for savings as time goes by, as you get deeper into the market, and the unknown effects of COVID, were factored into the 4.5 percent goal-setting, correct?

A (Peters) They were factored in, and the 65 percent performance incentive threshold was also factored in, as we were setting those goals.

A (Downes) Yes. I'll just add that that was explicitly factored in. When we presented our July 1 draft, we made it very clear that the goals that we were setting were contingent on having a lower threshold.

Q So, if --

A (Downes) But that they were part of the same package.

CHAIRWOMAN MARTIN: Just a minute, Mr. Buckley -- I mean, Mr. Dexter, I apologize. It seems that we've lost Mr. Emerson.

MR. EMERSON: No, I'm here. I'm having trouble with my video. So, you can keep going.

CHAIRWOMAN MARTIN: You can hear?

MR. EMERSON: Yes.

CHAIRWOMAN MARTIN: And you're okay with proceeding?

MR. EMERSON: Yes.

CHAIRWOMAN MARTIN: Okay. Great. Go ahead, Mr. Dexter.

BY MR. DEXTER:

Q Would it be fair to conclude from that last answer that, as Utilities presented lower goals, that they would not have presented a reduced threshold for performance incentive?

A (Peters) I wouldn't want to speculate. Again, the whole thing is a package. It's a little hard to kind of take one piece and speculate how it might have impacted another.

Q Would you agree that, based on the answers that you've just given, that if lower goals were presented, it would be prudent and reasonable to also propose a lower performance incentive threshold -- I'm sorry, a higher, restoring the higher performance incentive threshold?

MR. TAYLOR: I object to the question. It's asking for a legal conclusion. It's the Commission is who decides whether it's prudent or reasonable.

CHAIRWOMAN MARTIN: Mr. Dexter, a response?

WITNESS PETERS: I'm sorry?

CHAIRWOMAN MARTIN: I'm asking Mr. Dexter for his response.

MR. DEXTER: I'm going to try to rephrase the question. I didn't intend it as a legal question in any sense of the word.

What I'm trying to get at is that the witnesses have indicated that the goals and the performance incentive thresholds are tied. And I asked -- well, let me ask the question this way.

BY MR. DEXTER:

Q Well, I'll move on. I guess I've made the point.

A (Stanley) Can I just comment briefly, Mr. Dexter?

Q Sure.

A (Stanley) That, ultimately, the performance incentive for the Utilities, the intention of it is to drive us to achieve the targets that are set forward in the Plan. And part of the idea of reducing the threshold is to prevent scenarios where, such as we potentially were facing this year due to the pandemic, where there is a chance that the Utilities might not achieve one or more of the metrics. And there might be a disincentive for them to continue pursuing that particular metric, if it's clear that they do not have a chance of achieving it.

So, the idea of reducing the threshold is to prevent those types of scenarios from happening. That's a lot of the thought process, part of the thought process in changing the threshold.

Q Would the programs in your scenario that you back off on still be cost-effective?

A (Stanley) They may or may not be. They may be, but they -- it all depends on what's happening within the marketplace at that time.

Q If the programs that you're suggesting we back off on were not cost-effective, wouldn't you back off on those irrespective of the impact on the performance incentive?

A (Stanley) Yes. But, if they're still cost-effective, it could be, if there was a scenario where the utility forecasted that they had low probability or chance of achieving the threshold within a certain target, it might encourage them to redirect their efforts into some other portion of the Plan that wasn't originally intended. So, for example, --

Q Could the Utilities --

A (Stanley) So, for example, if there wasn't a chance of meeting the threshold for kW savings or active kW, or annual kilowatt-hour savings, for example, that could -- that would send a signal to the Utilities to redirect their efforts within their portfolio to other -- to focus on other components. So, trying to minimize -- lowering the threshold is trying to minimize the chance of that type of scenario happening.

Q Wouldn't that be a good thing, to redirect your efforts to areas where you were able to achieve your savings?

A (Stanley) It may or may not be.

Q In what circumstances would it not be?

A (Stanley) I couldn't give an example off the top of my head.

Q Okay. One final question. Did the Utilities, in the last triennium, understanding that it was not a three-year plan, but three one-year calculations, did the Utilities achieve all the thresholds that were set in the last triennium?

A (Downes) We're not done yet. But, at Unitil, we appear to be on track to, I believe we'll meet the thresholds, over the annual periods, as well as the three-year period.

However, I will note that four and a half percent, compared to three percent of annual savings goals, is a 50 percent increase in our goals. So, it's a significant increase in -- a 65 percent threshold of the proposed Plan is significantly higher, by about 35 percent, than the 75 percent threshold of the last Plan.

So, we're talking about ensuring that we can reach a much higher threshold. So, in other words, the new threshold is still higher than the last threshold.

A (Stanley) I would say, for Granite State Electric and EnergyNorth Natural Gas, there have been prior years where we had not met certain thresholds, whether it was the lifetime kilowatt-hour savings within the electric -- or, for Granite State Electric, or the benefit-cost ratio metrics for EnergyNorth Natural Gas. And over years where we had lower thresholds, at the 65 percent level, not the 75 percent level.

Q So, my question was just to the electric utilities, and just to the last triennium. So, Mr. Stanley, could you answer for those, for Granite State --

A (Stanley) For 2000 -- my apologies for interrupting you.

For 2018 and 2019, for Granite State Electric, we achieved -- we exceeded the threshold levels, which were 65 percent, for lifetime savings and the benefit-cost ratio.

2020, obviously, is not yet complete. So, I can't speak to how we will complete the year at this point as of yet.

Q And would Eversource's answer be similar to Unitil and Granite State Electric?

A (Peters) Yes. For 2018 and 2019, we achieved the thresholds and savings targets.

For 2020, we are working hard every single day to ensure that we cross the thresholds for this year. We do not anticipate meeting the full savings target this year. But we are working hard to cross the threshold, and we've got another 15 days to do it, 16 days to do it.

Q Now, I'd like to turn now to the Smart Start Program, as a subset of the performance incentive calculation. Is it correct that the Smart Start Program, which -- well, let me just ask you to briefly describe the Smart Start Program, so we all have a basis of what we're talking ability?

A (Peters) Certainly. The Smart Start Program is a loan offering that is offered, I'll just speak for Eversource here, it is offered by Eversource to our municipal customers. It is a loan offering that was kind of instigated and approved in a series of separate dockets a number of years ago. And it has a funding pool, and the utility makes loans to municipalities using that pool of funding on their bills. The loans are calculated to ensure that payments either utilize the dollars saved by the municipality from implementing the efficiency project, and it is paid back on their bill, and it is tied to the meter, which is a construct where if, for some reason, the customer were to move, the loan itself would stay with the property, with the meter, rather than being tied to the customer account, which many of our other on-bill loan programs are.

I think you're on mute, Mr. Dexter.

Q Thank you, Ms. Peters. I appreciate the update. If I were to go back to Bates 375, which was the calculation of Eversource's performance incentive for 2021, there's a footnote that says, next to "Total Utility Costs", "net of Smart Start". Can you explain what that footnote is intended to do?

A (Peters) Yes. There are -- there is a small amount of funding included in the Plan that go to Smart Start administration, so not the pool of funds used for the loans, but the administration of those loans. And we do not calculate our performance incentive based on that amount. I think it's $30,000 each year.

Q And that's because Smart Start has its own performance incentives, correct?

A (Peters) That's correct.

Q Now, I would have expected that footnote to have come next to Line 1 and 2, "Lifetime kWh Savings", "Annual kWh Savings". And the reason I say that is my understanding is that these loans that you provide to municipalities are going to produce savings, is that right?

A (Peters) No. The energy savings are not tied to the loans. The energy savings are tied to incentives that customers get for implementing projects through the efficiency programs, not through the loans.

So, if we calculate the energy savings for a municipal project, and we look at the incentive that was provided for that municipal project, regardless of whether or not they got a loan to pay their portion of the cost, the energy savings that we claim with the project dollars in the -- kind of the book that you were just referencing, the Bates page you were just referencing, would be the incentive dollars that were spent on that project.

Q Now, this often happens, my understanding in utility talk, but there's "performance incentives" and then there's "incentives you give to the customer". So, I don't want to mix those two up. So, let me try and ask the question a little bit more directly.

Isn't it correct that, when you loan money to a municipality under Smart Start, that it is understood that that loan will be used for energy saving measures under the program?

A (Peters) That loan would be used to help cover the customer's portion of the payment for a project. So, not the rebates, but the customer's portion, which they could pay from any number of means, one of which would be the loan.

Q Sure. And those -- the customer's portion for those measures is going to produce -- those measures are going to produce savings, correct?

A (Peters) The measures produce savings, and those savings get counted within the performance incentive calculation that is related to the -- I'll call them "rebates", just to avoid the incentive dollar, you know, confusion, which I understand. So, the energy savings is attributed to the rebates, just as it would be for any other project that didn't get a loan. It's the rebates that go to the energy savings.

Q Right. So, on Lines 1 and 2, where you have savings, those figures include savings derived from the Smart Start installations, correct?
A (Peters) No. We're not doing any Smart Start loans for customers that are not participating in the rebates. You know, I think what you're saying would apply, if we were to do a Smart Start loan for a municipality, for some reason, some number of measures that were not participating with incentives in the efficiency programs, and then trying to claim those savings within the programs, we are not doing that. The savings are associated with rebate payments from the NHSaves Programs. A customer couldn't get -- couldn't get a Smart Start loan if they weren't participating with a rebates portion.
Q Okay. Can you describe the performance incentive that is associated with the Smart Start Program that, my understanding from your answers to data requests, goes back maybe a dozen years or so?
A (Peters) Yes. So, at the time the Smart Start Program was set up, as I noted, it was a bit unique, in terms of loans being made to customers, in that it was tied to the meter, and

had some other unique aspects to it, in terms of how the terms and the payments are calculated. And it was determined through those dockets that there would be a performance incentive associated with the Smart Start loans, and it is based on the amount of loan money that is repaid by the customers that had received those loans by their repayment amount each year.

So, it essentially is encouraging the utility to make these loans in a manner where they will be utilized and repaid by the municipal customers. And the percentage of that performance incentive, I believe, is 6 percent on the repayments.

Q And what is projected for the Smart Start incentive for 2021 for Eversource? Do you have that figure now?

A (Peters) I do not have it in front of me. I'm sorry.

Q That's fine. We're running short of time. So, I'm going to just withdraw that question and ask you another question.

Eversource has other on-bill financing programs, correct?

A (Peters) Yes.
Q Is it correct that those other on-bill financing programs do not have special performance incentives associated with them?
A (Peters) That is correct.
Q And do the other on-bill financing programs factor into the performance incentive calculation that's set forth on Bates 375?
A (Peters) No. The dollars that we lend out through those other on-bill programs are separate pools of money not included in the efficiency program budgets.
Q How about for the other utilities? Do the other utilities have on-bill financing programs, where the proceeds are used to participate in the energy financing program for the electric companies?
A (Peters) Yes. I'm sorry?
Q I didn't even know who -- I expected an answer from another utility, but I think Ms. Peters answered that.
A (Downes) Paul, can you repeat the question, because I got a little confused in the middle there?

Q Sure. I'm just trying to determine whether or not the other -- because Ms. Peters indicated that, --
A (Downes) Uh-huh.
Q -- for Eversource's on-bill financing programs, those proceeds aren't used to participate in the energy efficiency programs that we're talking about here, which frankly surprises me.
A (Downes) I think you misunderstood what Ms. Peters said.
Q Well, maybe. So, let me ask -- I see Ms. Peters shaking her head. So, let me ask the question again.
The on-bill financing programs that are not Smart Start, my question is are the proceeds, are the loans that made under those programs used by customers to participate in the energy efficiency programs that we're talking about in this docket?
A (Peters) Okay. I may have misunderstood your question.
The loans that are made are the same as Smart Start, they are for the customer co-pay of energy efficiency projects that are part of this

portfolio. Just like with Smart Start, the incentive portion is the portion of this interaction that is included in the program budgets. The capital for the loans is a separate pool of money, I think is what I was trying to explain.

A (Downes) And it's separate, because it revolves. We occasionally will infuse new dollars into it, if the volume of activity gets to the point where it's running out of funding. But, because it revolves on its own, it doesn't need revenues, if you will, from anywhere. It just keeps -- customers pay the loans back, we loan the money out again. That's the revolving nature of it.

Q Where do the revenues come from in the first place?

A (Peters) Primarily RGGI funds, for most of those on-bill loans. I believe some Utilities have moved additional SBC funds into those pots over time.

A (Downes) That's correct, for the non-Smart Start on-bill financing programs.

Q Has the Smart Start Program been successful, in your estimation, over the last 12 years?

A (Peters) It has been.

A (Downes) Yes.

A (Woods) Paul, I guess -- this is Carol. I guess I would just suggest the Co-op also operates a Smart Start Program, and has -- ours is slightly different in the demographic. We loan to -- we provide similar funding to what Eversource does, but to all commercial members and municipal members.

And I guess I would say we have found that it is not as successful as the other loan programs that we offer. We've had low participation in that program over the last several years.

And we have seen that it's more successful with our municipal members than with our commercial members -- regular commercial members.

Q Okay. I only have a few minutes remaining. I want to talk about lost base revenues, but I don't think these questions are for the Rates Panel. I think they are for this panel, because I'm going to reference the Settlement. So, I'm going to start here. And, if anyone needs to defer to the Rates Panel, just let me know.

So, I want to pull up the Settlement. I'm going to be looking at Bates 10 on my version, Section F, which is entitled "Lost Base Revenues". See if I can find it.

So, again, it's Section F. It's Page 10 on my version, Bates and otherwise. So, I'm going to go with Page 10. It's entitled "Lost Base Revenues". It provides for -- the first sentence says "Eversource and Unitil, as the only electric New Hampshire Utilities collecting Lost Base Revenue in 2021-2023", and then it completes the sentence.

My question is, what about Northern Utilities? Isn't Northern Utilities also collecting lost base revenues? And, if so, how are they covered by this Settlement?

A (Downes) I don't know if you have a different version, Paul, but my version in the exhibit says "Eversource and Unitil, as the only New Hampshire Utilities". It does not reference "electric".

Q Right. It says "Eversource and Unitil, as the only New Hampshire Utilities", and Eversource is Eversource, and Unitil is defined at the beginning of the Settlement as "Unitil Electric System".

So, my question is, how does this Settlement provide for lost base revenues, if at all, for Northern Utilities?

A (Downes) That may have been an oversight in the nomenclature. But Unitil, in that instance, is meant to encompass both the electric and gas divisions.

MR. TAYLOR: Paul, could you point to the place in the Settlement where "Unitil" is specifically defined as "Unitil Energy Systems"?

MR. DEXTER: Well, I thought it was in Paragraph 1, Page 1. If that's not correct, if we can just clarify that.

BY MR. DEXTER:

Q I mean, I'm happy to just have the record clear, that Northern Utilities is intending to have lost base revenues. It's not precluded under this Settlement?

A (Downes) The cover page -- or, rather the letter to Director Howland does indicate that it's been signed by the individual utilities. I think this is -- this is not an issue we necessarily need to spend a lot of time on. If we need to clarify, we can.

MR. TAYLOR: So, Paul, my understanding -- your question to Mary, as I understand it, is does Unitil, I guess, collectively, both Unitil Energy Systems and Northern Utilities, Inc., intend that both the electric and gas utilities operating under the Unitil name will collect lost base revenues? That's your question, right?

MR. DEXTER: Right. I wanted it to be clear whether we're talking about two companies collecting lost base revenues under this Settlement or three companies? And, if so, which three? That's all I'm trying to figure out.

BY MR. DEXTER:

Q And it sounds like the answer is "three". That we should interpret the language of "Unitil" on this to mean the "electric and Northern Utilities", is that right?

A (Downes) That's right.

Q So, I wanted to talk about, in the same paragraph, there are five -- six enumerated goals or terms. And one of them, number (4) says "cease accruing lost base revenues in the first month following effective date of any decoupling mechanism approved by the Commission." And this clause, as I understand it, is to talk about the interplay between lost base revenues, rate cases, and decoupling, is that right?

A (Downes) Yes.

Q And I always find this discussion confusing. But I want to propose an example that's sort of based on real-life events, as far as I understand. So, let's say Unitil Electric does not have a decoupling mechanism, is the right?

A (Downes) It currently does not.

Q And Unitil Electric, hypothetically -- assume that they hypothetically file for a rate increase on April 30th, 2021. And assume that, in that rate filing, they ask for temporary rates effective July 1, 2021. I've got a lot of assumptions here. It's going to make for a complicated question.

A (Downes) Right. And I might interrupt you, because I'm not sure that I am the appropriate person to ask to answer this question. I would have to defer to my colleague, Christopher

Goulding, who's on the other panel.
Q He's on the Rates Panel?
A (Downes) Yes.
Q Okay. So, questions about the interplay between rate cases, test years, decoupling mechanisms, the reset from the test year, all that should go to the Rates Panel?
A (Downes) Yes, as far as Unitil is concerned.
Q Is that true for the other utilities as well?
A (Peters) I think that's probably best, Paul -- Mr. Dexter, sorry. I keep doing that. I don't mean to.
Q No offense taken. So, in my final two minutes, I would like to go to Exhibit 32, which is a data request that Staff made at the tech session concerning the requirements that the proposal adequately fund the HEA Program according to precedents and statutes. And let me see if I can find Exhibit 32.
So, this was, in fact, a Technical Session Data Request 1-006, where Staff asked for the Utilities to provide a schedule that demonstrated that the HEA Program met those -- met those parameters. And the parameters that

we're talking about are, correct me if I'm wrong, that, according to past settlements and precedent, that 17 percent of the total program budget for each utility would be dedicated towards the HEA Program, which is the Home Energy Assistance Program directed at income-eligible customers, is that right?
A (Peters) Yes.
A (Downes) Yes.
Q And the 20 -- and the 20 percent parameter that we're talking about came from the statute, which I believe was passed last year, that required 20 percent of energy efficiency funding, specifically the SBC funding, to be dedicated towards the HEA Program. Is that right?
A (Peters) Yes, it is.
A (Downes) But it is -- I need to note that there are other sources, other significant sources of funding for the programs, and that it is confined to the SBC that that law was talking about.
Q The statute that I referenced is talking --
A (Downes) Yes.
Q -- is talking about the SBC?
A (Downes) Right.

Q Okay. So, these tables were submitted to indicate that all the companies in all the years met those parameters, correct?

A (Downes) Yes.

Q And, if I'm reading all the percentages on these grids, it appears that they do, with the exception of the New Hampshire Electric Co-op in 2022, it indicates that they're allocating only 19 percent of their funds towards the HEA Program, where the statute requires 20 percent. Is that correct?

A (Woods) That -- This is Carol. Yes. That would be correct. We, in 2021, allocated 21 percent; in 2022, it was 19 percent; and in 2023, it was 20 percent. So, yes.

Q So, is it the New Hampshire Electric Co-op's position that this presentation meets the statutory requirement?

A (Woods) Over the term, we meet the 20 percent. But it wasn't actually intentional that the 2022 was 19 percent. It was the result of some shifting at the -- of funding at the end. And, so, that's where it landed.

MR. DEXTER: Chairwoman Martin, it's

12:02. I have one other area of cross-examination with respect to this panel. And I believe Attorney Buckley is done with this panel, is that right?

(Mr. Buckley indicating in the affirmative.)

MR. DEXTER: So, if I could have ten or fifteen minutes, I think I could finish with this panel.

CHAIRWOMAN MARTIN: Okay. So, that's about 12:15. Mr. Patnaude, are you good to go that long?

(Mr. Patnaude indicating in the affirmative.)

CHAIRWOMAN MARTIN: Okay. Go ahead.

MR. DEXTER: Thank you.

CHAIRWOMAN MARTIN: You're on mute.

WITNESS DOWNES: We just lost --

BY MR. DEXTER:

Q Well, I'd like to direct the panel's attention to the Settlement, at the bottom of Page 3, top of Page 4.

CHAIRWOMAN MARTIN: Just a minute, Mr. Dexter. Someone else was speaking between --

WITNESS DOWNES: It was me just suggesting that I couldn't hear him. I'm all set.

CHAIRWOMAN MARTIN: Okay. Mr. Dexter, go ahead.

BY MR. DEXTER:

Q So, we're back on "Energy Savings Targets". And that's the title of this paragraph, it's called "Energy Savings Targets". And it's talking about this -- the targets are the "4.5 percent target" that we've talked about quite a bit so far, and the "2.8 percent" on the gas side. Is that right?

A (Peters) Yes.

Q And the introductory sentence to this paragraph says "To be responsive to concerns voiced by Staff and representatives of the C&I" -- "Commercial and Industrial (C&I) sector regarding rate impacts given the current statewide economic conditions, the Settling Parties stipulate and agree that the budgets and rates should be adjusted from those in the September 1st Plan."

My question is, what forum -- how were the concerns of the Commercial and Industrial

Sector addressed to the Settling Parties, such that they adjusted the September 1st goals down to the Settlement goals?

A (Peters) So, I think -- I'm not sure if there's a question here about, like, what is evidence and what isn't. Like, there has been some general public discourse, in terms of newspaper articles and op-eds and so on. And I am unclear as to how to refer to those here. So, I'll refer to them, and someone can tell me if I'm not allowed to.

I would say that there has been some general public discourse related to concerns from Commercial and Industrial Sector op-eds and articles have appeared, and letters to the Commission.

Q And, as far as Staff's concerns, Staff expressed its concerns through the settlement process, and I don't want to go any further than that, but you would agree with that statement, would you not?

MR. KREIS: I object to that question. Really, that question calls for disclosure of conversations that occurred during Settlement Agreement; not proper.

BY THE WITNESS:

A (Peters) I think the Staff testimony indicated --

CHAIRWOMAN MARTIN: Just a minute, Ms. Peters. Mr. Dexter, do you want to respond to that objection please?

MR. DEXTER: I'll withdraw the question. I think everybody knows Staff's role in this.

CHAIRWOMAN MARTIN: Thank you.

BY THE WITNESS:

A (Peters) I would say, though, what we were addressing in the Settlement, the Staff testimony indicated a concern with the -- specifically, the Eversource C&I rate. And you'll note that the majority of the budget and the SBC rate reductions that happened in the Settlement were adjustments to the Eversource C&I budgets and rates.

BY MR. DEXTER:

Q And further, on the bottom of Page 3, going on to Page 4, it says "The Settling Parties stipulate and agree that these revised budgets are in the public interest, and the revised rates are just and reasonable, because they address these concerns while still advancing the EERS objective of pursuing all cost-effective energy efficiency to deliver long-term benefits to customers with sensitivity to short-term customer impacts."

Can you explain to me how it is that the Settling Parties determined that those concerns of Staff and the C&I customers were "addressed"?

A (Peters) Well, we made an effort to reduce, as I just noted, the Eversource C&I rate and SBC -- I'm sorry, C&I budget and SBC rate. And we also made an effort to continue looking to achieve cost-effective energy efficiency in New Hampshire. As we noted, the Potential Study indicated more cost-effective savings than we have here. Our initial draft of -- or, our initial filing of the Plan also proposed more energy savings. But the Settling Parties felt that there was a balance to be struck, and this is the approach that we took in striking that balance.

Obviously, we can't speak for Staff, and don't attempt to. You can do that for yourselves. But we believe that we have struck the right balance, in terms of the budgets, the rates, and the energy savings that we hope to help customers in New Hampshire to achieve.

Q And have you received any indication from the commercial and industrial customers whose concerns you state you've addressed, that they, in fact, have been addressed?

A (Peters) I haven't spoken to any of them about that.

A (Downes) I think there's a difference -- this is Mary -- a difference between "addressed" and "resolved". This is a Settlement presentation, which is, by nature, a compromise. We went through a yearlong stakeholder process in which all kinds of interests were represented and expressed. And the Utilities did their level best to present a plan that balanced, as Kate just iterated, you know, iterated, all of the concerns and interests that parties had. And we believe that this Settlement reflects the best under the circumstances, and that the most awesome, you know, the most -- yes, the best plan that we could put forward. And we believe that it will be successful, if approved.

Q And back up in the first sentence, on Page 3, in this paragraph, it says that the concerns for -- regarding rate impacts, what it says is "To be responsive to the concerns voiced by Staff and representatives of the C&I sector regarding rate impacts given the current statewide economic conditions."

Is that referring to the COVID epidemic or other statewide economic conditions?

A (Peters) It's a general acknowledgment that there are economic conditions happening statewide, mostly due to COVID at the moment.

Q And do you recall our discussion from last Thursday, where we pointed towards the minutes of the committee meeting back in February, where you agreed, I believe, that both Staff and the BIA expressed concerns about large budget increases because of their belief that they would result in large rate impacts?

A (Peters) Yes. I don't think we were trying to attribute whatever Staff's particular motivation might be, but to acknowledge that the Settling Parties realize that there are currently statewide economic conditions that we took into account when we were balancing this adjustment of savings and budgets. So, perhaps there is a comma or some other adjective missing there that we could have put in to clarify.

Q And we had a discussion -- that's all I have on that.

With regard to the Attachment M that we -- I think we've decided to put that off to the Rate Panel. Attachment M is the bill impact analysis that was appended to the Plan.

A (Stanley) And, Mr. Dexter, I believe we can attempt to answer any questions you have about that.

Q Oh. Well, I'm prepared to go into Attachment M, but I don't think I have time. So, I thought that one had been deferred. Am I misunderstanding something? I thought that had been deferred to the Rates Panel?

A (Stanley) It was commented at the previous Day 1 hearing that that was the case. After discussion amongst the Utilities, I believe the panel here could attempt to answer most of your questions, not knowing what all of your questions might be. But, if it's some questions about interpreting what might the graphs are telling us, or the general purpose of Attachment M and the analysis, we can speak to that.

MR. DEXTER: Okay. Well, I could do that, Madam Chairwoman, but I see it's 12:12. So, I will leave that up to you.

CHAIRWOMAN MARTIN: Did you have other questions, without going there, that you were still going to ask? You're on mute.

MR. DEXTER: No. I was wrapping up, assuming that these questions on Attachment M would go to the Rates Panel.

But I don't think it will take that long. Again, I know everyone has obligations, but I'm perfectly willing to proceed.

CHAIRWOMAN MARTIN: Okay. If it's a five or ten minute thing, I would say go ahead. If you think it's going to turn into a half hour, I think we need to stop.

MR. DEXTER: Well, it's a very important topic, and I don't think I can cover it in five minutes. I think fifteen to twenty would probably do it.

CHAIRWOMAN MARTIN: Okay. Then, why don't we put them on first for the next hearing day.

And other than that, you are done for today, Mr. Dexter?

MR. DEXTER: I have no more questions for this panel today. That's correct.

CHAIRWOMAN MARTIN: Okay. All right. Then, anything else we need to cover before we wrap up for today?

MR. DEXTER: Oh, thank you, Don. I think I was going to say what I think you're going to say.

MR. KREIS: Well, hopefully. Madam Chairwoman, the OCA, and I expect Staff, is concerned about the trajectory of this hearing, relative to the available hearing time. It seems pretty clear to me that we are not on track to complete this hearing within the allotted hearing time. And that creates a problem for me, because my witness is not one of my employees. I can't simply order him to appear before the Commission whenever the Commission plans on adding extra hearing time.

And I think it's going to be pretty necessary to have at least another hearing day beyond what's already been scheduled. And I think it would be helpful if we address that now.

CHAIRWOMAN MARTIN: And, Mr. Kreis, does your witness have availability limitations that we need to know? But I can say that the Commission is also concerned about finishing within the currently allotted timeframe, and is looking to either expand or add scheduled times. Is there a particular concern you have on scheduling?

MR. KREIS: Well, it doesn't all revolve around my witness. He has certain -- he has advised me that he has certain times between now and the end-of-year holidays that he is available and is not available. And I suspect that we'll be able to work around that, because he doesn't need to participate in every single aspect of the hearings as they unfold.

It's more of a general concern about how we're going to get to where we need to be, in order to get this case under advisement, so that it can be addressed by the Commission before the end of the year.

CHAIRWOMAN MARTIN: Okay. Well, thank

you. I note your concern. We are of the same concern. And we are going to be looking at how to address that between now and Wednesday, so we can revisit then, if need be.

Anything else?

MR. DEXTER: Thank you. That's exactly the concern that I was going to raise. And I appreciate that, Attorney Kreis.

MR. SHEEHAN: Madam Chair, we have the record request from last week nearly ready to file. I just wanted to propose that we give it Exhibit Number 19, which is another one of the unused exhibit numbers next in line.

CHAIRWOMAN MARTIN: Yes. I was just looking at the numbers, and looks like we've used 17 and 18. So, 19 would make sense. Thank you.

MR. SHEEHAN: Thank you.

*(**Exhibit 19** reserved for record request.)*

CHAIRWOMAN MARTIN: Okay. Anything else?

[No indication given.]

CHAIRWOMAN MARTIN: All right. Thank you, everyone. We will continue this hearing on

Wednesday, December 16th, at 1:30 p.m.

The hearing is adjourned for the day. Thank you.

(Whereupon the hearing was adjourned at 12:16 p.m. Day 3 of the hearing to be held on December 16, 2020.)