STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 31, 2023 - 9:02 a.m. **DAY 2**
21 South Fruit Street
Suite 10
Concord, NH

RE: **DE 23-068**
ELECTRIC AND GAS UTILITIES:
2024-2026 Triennial Energy
Efficiency Plan.

PRESENT: Chairman Daniel C. Goldner, *Presiding*
Commissioner Pradip K. Chattopadhyay
Commissioner Carleton B. Simpson

Eric Wind, Esq./*PUC Legal Advisor*

Doreen Borden, *Clerk* and *PUC Hybrid Hearing Host*

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

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

Reptg. Unitil Energy Systems, Inc., and Northern Utilities, Inc.:
Matthew C. Campbell, Esq.

Reptg. N.H. Electric Cooperative:
Susan S. Geiger, Esq. *(Orr & Reno)*

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

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

Reptg. Clean Energy New Hampshire:
Sam Evans Brown

Reptg. Conservation Law Foundation:
Nicholas A. Krakoff, Esq.

Reptg. The Nature Conservancy:
Meredith A. Hatfield, Esq.

Reptg. LISTEN Community Services:
Stephen Tower, Esq. *(NHLA)*

Reptg. Southern New Hampshire Services:
Ryan Clouthier

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Adv.
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Paul B. Dexter, Esq.
Molly M. Lynch, Esq.
(Regulatory Support Division)

I N D E X

I N D E X *(continued)*

P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good morning. I'm Chairman Goldner. I'm joined by Commissioners Chattopadhyay and Simpson. We're here this morning for the second scheduled hearing session in Docket Number DE 23-068, relating to the Joint Utilities' Petition to approve the 2024-2026 Triennial Energy Efficiency Plan.

First, let's start with taking appearances today, beginning with Eversource.

MS. CHIAVARA: Good morning, Commission. Jessica Chiavara, here on behalf of Public Service Company of New Hampshire, doing business as Eversource Energy.

CHAIRMAN GOLDNER: Northern Gas and Unitil Energy Systems?

MR. CAMPBELL: Good morning, Commissioners. Matt Campbell, on behalf of Northern Utilities and Unitil Energy Systems.

CHAIRMAN GOLDNER: Granite State Electric and EnergyNorth?

MR. SHEEHAN: Good morning, Commissioners. Mike Sheehan, for the two Liberty entities, Granite State Electric and EnergyNorth Natural Gas.

CHAIRMAN GOLDNER: Thank you. And the New Hampshire Electric Cooperative?

MS. GEIGER: Good morning, Commissioners. I'm Susan Geiger, from the law firm of Orr & Reno, representing New Hampshire Electric Cooperative, Inc.

CHAIRMAN GOLDNER: Thank you. And New Hampshire Department of Energy?

MR. DEXTER: Good morning, Mr. Chairman and Commissioners. Paul Dexter and Molly Lynch, appearing on behalf of the Department of Energy.

CHAIRMAN GOLDNER: Thank you. The Office of the Consumer Advocate?

MR. KREIS: Good morning, Mr. Chairman, Commissioners. I'm Donald Kreis, the Consumer Advocate, here on behalf of residential utility customers, pursuant to RSA 363, Section 28.

CHAIRMAN GOLDNER: Thank you. Clean Energy New Hampshire?

MR. KRAKOFF: They're here. But they just stepped out, Chairman.

CHAIRMAN GOLDNER: All right. The

Conservation Law Foundation?

MR. KRAKOFF: Yes. Good morning, Commissioners. Nick Krakoff, from the Conservation Law Foundation.

CHAIRMAN GOLDNER: Thank you. CPower?

[No indication given.]

CHAIRMAN GOLDNER: Okay. CPower is not here. Acadia Center?

[No indication given.]

CHAIRMAN GOLDNER: Okay. The Nature Conservancy?

MS. HATFIELD: Good morning, Commissioners. Meredith Hatfield, with The Nature Conservancy.

CHAIRMAN GOLDNER: Very good. LISTEN Community Services?

MR. TOWER: Good morning, Commissioners. This is Steve Tower, with New Hampshire Legal Assistance, representing LISTEN Community Services.

CHAIRMAN GOLDNER: Thank you. And, finally, Southern New Hampshire Services?

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

CHAIRMAN GOLDNER: All right. Thank you.

Okay. So, in this continued hearing, we'll return to the Joint Utility witness panel.

Before we do that, though, I wanted to get an update from the Joint Utilities on the Commission's request from the first hearing session, that the utilities update the benefit-cost models with the symmetrical inflation and prime rates, using Quarter 2 2023 inputs, and using the sources cited in your BC models.

I recall that the witnesses indicated that it could be generated quickly, but has not been filed. Can the utilities give us an update please?

MS. CHIAVARA: Yes. The utility witnesses were able to conduct that analysis. And we were hoping, if the Commission would allow, that we could do, I guess, a bonus round of direct exam. We had a few questions for the witnesses, where they could address that analysis in their responses.

CHAIRMAN GOLDNER: Okay. Is there something that the Commission can look at? Is there a filing that we can look at on our screens while we're discussing it with the witnesses?

MS. CHIAVARA: We do not have a filing at this time. But I'm hoping the discussion will help sort of illuminate where we came out on that analysis.

CHAIRMAN GOLDNER: Okay. All right.

Okay. I'll also note that, at the end of the first hearing session, we excused three of the Joint Utilities witnesses that were referred to as the "rate witnesses". These were witnesses Chen, Demeris, and Yusef **[**Culbertson**?]**.

I'll remind the remainder of the witnesses that were not excused that you're still under oath.

When we left off, I was questioning the witnesses. We'll take it back up there.

Is there anything else that we need to cover, before resuming with Commissioner questions?

MS. CHIAVARA: Just, if you wouldn't mind, if we could ask the witnesses a few more questions, direct exam questions, to get things started, and then we can turn it over to you?

CHAIRMAN GOLDNER: Sure. Please proceed.

MS. CHIAVARA: Okay. Thank you very much.

(Whereupon ***BRANDY A. CHAMBERS, MARC E. LEMÉNAGER, KATHERINE W. PETERS, MARY A. DOWNES, CINDY L. CARROLL, ERIC M. STANLEY,*** *and* ***CAROL M. WOODS*** *were recalled to the stand, having been previously sworn on October 25, 2023, Day 1, of the DE 23-068 proceedings.)*

MS. CHIAVARA: I'd like to start with a question for Ms. Chambers.

BRANDY A. CHAMBERS, Previously Sworn

MARC E. LEMÉNAGER, Previously Sworn

KATHERINE W. PETERS, Previously Sworn

MARY A. DOWNES, Previously Sworn

CINDY L. CARROLL, Previously Sworn

ERIC M. STANLEY, Previously Sworn

CAROL M. WOODS, Previously Sworn

DIRECT EXAMINATION *(resumed)*

BY MS. CHIAVARA:

Q Ms. Chambers, last week, in last week's hearing, you spoke about how discount rates are applied to the costs and benefits in the benefit-cost models. Is there anything that you wish to clarify about that?

A (Chambers) Yes. Thank you. I felt like it wasn't completely clear during that exchange that there are two steps in adjusting both the benefits and the costs.

The first step is to adjust both the benefits and the costs to first year dollars by accounting for inflation. This allows us to examine each three years of the term together on common ground.

The next step is to apply a discount rate to future costs and benefits, in order to derive a net present value.

So, for costs within the benefit-cost model, these adjustments, the inflation rate and the discount rate, are done in a single step by applying the nominal discount rate. For benefits, the first step is that the output from the AESC are adjusted from 2021 dollars to 2024 dollars by applying the inflation rate. And the out-year benefits are then adjusted by the real discount rate to arrive at the numbers and values. So, I just wanted to clarify that.

Q Thank you very much. And this is for whoever would like to answer on the panel.

Did you all have an opportunity to examine any of the alternative approaches to calculating the discount rates that were discussed at hearing last week, aside from the method that was used, of using an historical discount rate?

A (Chambers) We did. So, we examined -- specifically examined three different scenarios.

So, the first is what the discount rate would have been if we had used the Q1 prime rate, in order to align with the period being used for the inflation rate. In this instance, the real discount rate would have been lower than the one that was originally included in the Plan. So, all offerings would have remained cost-effective.

We did also examine using the Q2 version of both numbers. This resulted, for some utilities, in some program offerings that were no longer cost-effective. Therefore, had we had that discount rate in our initial filing, the Plan would have been designed differently.

We feel this illustrates why it's critical that the discount rate be identified during planning, and finalized at the time of the initial filing. Because undergoing a redesign to the Plan program designs in the middle of adjudication, as would have been necessary here in order to reflect that Q1/Q2 data that came in later is really infeasible.

So, the third analysis was related to the discussion around using discount and inflation rates that are averaged over a longer time period, such as five or ten years. We do feel that this is worth further investigation. And we would be open to reviewing this methodology with our colleagues at DOE and OCA. And, if appropriate, applying a low discount rate based on time-averaged rates for future three-year plans.

Q So, just to clarify, Ms. Chambers, you believe that the symmetrical Q2 analysis is a material change to this Plan?

A (Chambers) Yes, because it would require fundamental changes to the measure mix and program offerings for some of the utilities, in order to maintain cost-effectiveness.

MS. CHIAVARA: Okay. Thank you very much. That's all I have.

MR. CAMPBELL: Commissioners, if I may?

At the first day of hearings, Commissioner Chattopadhyay had some questions for Unitil regarding data comparing the TRC's incentive levels. And we've had a chance to circle back and look into that data.

And, with your indulgence, I'd like to some ask some limited direct on that as well?

CHAIRMAN GOLDNER: Sure. Please proceed.

MR. CAMPBELL: Good morning, Ms. Downes.

WITNESS DOWNES: Good morning.

BY MR. CAMPBELL:

Q Do you recall being asked on the first day of hearing about data compiled by Unitil showing, in some instances, that the Total Resource Cost, or TRC amount, for some measures, was smaller than the incentive amount for that same measure?

A (Downes) Yes, I do.

Q Can you briefly describe the "total resource cost" as it applies to an energy efficiency measure, and how that is used by the utilities in the assessment of cost-effectiveness at the measure level?

A (Downes) Yes. The B/C model includes a field labeled "TRC", for "Total Resource Cost", which, as the name implies, is importance for use in the Total Resource Cost Test, which is no longer the primary cost test in New Hampshire.

The TRC for a measure is estimated -- is an estimated average of the incremental cost between the high-efficiency measure that the programs are offering and a standard-efficiency measure that is presumed to be what would be adopted in the absence of program intervention. The "customer incentive" is typically, but not always, less than or equal to the incremental cost difference between the high-efficiency measure and the NHSaves -- that NHSaves programs are promoting and the standard-efficiency measure.

The utilities consider "customer

incentives" price signals, rather than subsidies, as they benefit not just the individual customer, but help to change behaviors in the marketplace more generally, and reduce inefficiencies in the system.

While it is true that participants in any given year will experience more benefits than nonparticipants in that year, over time, a larger and larger percentage of customers will have participated in programs at least once, offsetting some or all of their non-bypassable SBC charge. Everyone pays in, and everyone, eventually, benefits, both by virtue of their direct or indirect participation, or as a result of system benefits accruing to the electric and natural gas systems or the economy more generally.

Q And, Ms. Downes, regarding the data related to Unitil's ENERGY STAR Appliance Program showing the TRC and incentives by measure, which was discussed at the first day of hearings, that data is for the period 2019 to 2022, correct?

A (Downes) That's correct.

Q And have you had an opportunity to review that data?

A (Downes) Yes, in detail. As I indicated at last week's hearing, this kind of variance can happen for a couple of reasons. One being an error of transposition in the BC model, and the other being an instance where a customer incentive differed due to a change in the rebates that were offered during that program year. So, bear with me.

In 2022, the TRC was incorrectly listed as "zero dollars" for Dehumidifier Recycling. This was a new measure that year that had not been included in the original Plan model, but was added mid-year. During reporting for 2022, the Company neglected to include the TRC cost in the report model for this new measure, though it should have been inputted consistent with the other utilities' models, at $40 per unit. This omission had not impact on our annual report filing or performance incentive, because it is the utility's costs, and not the customer costs or the TRC that are the basis of the calculation of benefits and net benefits, which in turn are used in the calculation of performance incentive under the primary -- the Granite State Primary Test. So, that's the first step.

The TRC for air purifiers in years 2020, 2021, and 2022 correctly displayed the $40, while the average per unit customer incentives were displayed as, respectively, $75.45, $40.10, and $48.74. The variances in each year require separate explanation.

The driver of the higher than planned average rebates in 2020 resulted from a very successful promotion that we undertook that year. In order to drive demand for energy-saving measures in a program year significantly impacted by COVID-19, which had essentially shut down all in-home weatherization activity, the Company developed a special offering for this measure. After ensuring that the measure would remain cost-effective at the higher rebate level, Unitil promoted this measure to customers, resulting in significant demand, as well as electricity savings and benefits. The higher average incentive of $75.45 reflects this time-limited offer.

Moving to 2021, the total quantity of

air purifiers should have been displayed as 104, rather than 103, and the total rebates should have been displayed as $4,160, rather than $4,130.

For 2022, the rebate remained at $40 for this measure for most of the year, with the exception of another time-limited promotion in the fall, where the rebate was raised to $55 per unit. The values in the BC model, which were subsequently provided to the Commission and queried during the first day of hearings, reflect the total customer incentives provided over the year, or $7,360, divided by the total number of units that we incented, which was 151, reflecting an average per unit incentive of $48.74.

Lastly, for the ENERGY STAR Refrigerator offered in 2019, the TRC was listed as "$20", consistent with the Company's Plan BC model for the 2018 to 2020 time period. However, the TRC for these units should have been listed at "$40". We preserved what had been in our Plan model for the sake of consistency.

Q Thank you, Ms. Downes. And those corrections that you just walked through, do those have any impact on the Plan that's currently before the Commission for its review and approval?

A (Downes) Absolutely no. No.

MR. CAMPBELL: Okay. Thank you. And thank you, Commissioners, for affording us the opportunity to provide a little bit more detail on that issue.

Thank you.

CHAIRMAN GOLDNER: Okay. So, we'll resume with Commissioner questions. And I'll continue where I left off on last week.

BY CHAIRMAN GOLDNER:

Q So, first question is, and I think I'll address this to Mr. Stanley, is the $405.71 value of non-energy impacts per weatherization project indicated in the New Hampshire Technical Reference Manual for estimating savings from energy efficiency measures? So, in other words, is that value, does it show up in the Technical Reference Manual?

A (Stanley) I would have to double-check, just conferring with the other panel witnesses here, it is -- it was a determined value via the EM&V Working Group to come to that determination for that metric. So, it's well defined, in terms of its creation.

But we'd have to check. I want to say it's in the Technical Reference Manual. I'd have to double-check it for you.

Q We couldn't find it. Does anyone else know? No, I don't mean to put you on the spot, Mr. Stanley.

A (Stanley) No.

Q But just in case you knew. Does anyone else know appropriately if it's in there?

A (Downes) I do not believe it is. We can check. If it is in there, it would be under "Weatherization".

The non-energy impact was developed as a summarization of the results of a very extensive non-energy impact study that was undertaken by a third party evaluator, and then reviewed by -- reviewed by that EM&V Working Group. And we determined that that was the appropriate amount to assign as an NEI to weatherized homes in the Home Energy Assistance Program.

Q But is the --

A (Downes) But my colleague is saying that -- it is in the TRM?

I apologize, it is in the TRM. It's on Bates -- give me a second. It's on Bates 1114. And it notes, this is on "Non-Energy Impacts", and it says "The primary Granite State Test reflects low-income participant NEIs, based on New Hampshire-specific primary research on the Home Energy Assistance Program. Specifically, based on the HEA evaluation, a per project value of $406 reflecting participant NEIs, including increased comfort, decreased noise, and health-related NEIs, will be applied annually to each weatherization project for 21 years, the weighted average measure life of air sealing and insulation, pipe insulation. These NEIs are reflected in the measure chapters for insulation and air sealing."

Q Okay. Thank you. Has the Commission ever seen a derivation? In other words, how that $406 was arrived at? And has it ever been explicitly approved by the Commission?

A (Downes) It depends what you mean by "explicitly approved". It's been included in other Plans that have been subject to review and approval, and accepted in the order.

Q Has the Commission ever seen the derivation, how this -- the pieces that make up this $406?

A (Downes) I'd have to go back and look, but I believe so. It's also been subject to the EM&V Working Group, which is typically independently operating, and is a collaborative effort of the DOE, the OCA, consultants, and --

Q Thank you.

A (Downes) Yes.

CHAIRMAN GOLDNER: So, I would like to know if the Commission has ever seen the derivation. If that could be checked on during a break, that would be very helpful.

Okay. So, I'll give the parties a chance to respond to that during the break.

BY CHAIRMAN GOLDNER:

Q Okay. Next question is, that there -- and I'm, really, I'm following up on some of Commissioner Chattopadhyay's questions, before I move onto some others here. But there seems to be a decreasing trend in the B to C ratios from those observed during the 2021 to 2023 Plan, so those expected in this Plan.

And anyone can answer this, can somebody help the Commission understand what's driving this trend?

A (Chambers) Yes. That is primarily driven by reduced lighting savings in the portfolio. This is happening for two reasons. We are both doing fewer light bulbs or lighting projects, as the opportunity wanes, and --

Q And, in fact, none, Ms. Chambers, in Residential, it's only in C&I, correct?

A (Chambers) That's correct. Right.

Q Okay.

A (Chambers) So, in Residential, we're doing no lighting outside of the Low-Income Program. And, in C&I, we're doing fewer gross projects.

But, also, the measure lives within C&I have been reduced, to account for the fact that the market is transforming, and, therefore, the claimable period of savings from this retrofit is shorter.

Q And I just want to clarify on the Low-Income Program. I didn't see lighting in the Low-Income Program. I must have missed it, it sounds like. It sounds like lighting is in the Low-Income

Program? I just want to clarify.

A (Chambers) I could be confusing my jurisdictions. That may be in Massachusetts' jurisdiction.

Q Okay. Thank you.

A (Stanley) Can I add, too? I'm sorry.

Q Oh, certainly. Mr. Stanley.

A (Stanley) I just wanted to add, in addition to the changes in the lighting market, the other element that's impacted many of the programs, building off of what Ms. Chambers has mentioned, is a number of measures, certain weatherization measures, for example, there's been a reduction in measure lives, in some cases, a few years to many years reduction. And that in and of itself is reducing the benefits, and thus resulting in lower benefit -- benefits that can be claimed, lower benefit-cost ratios.

Q That's a very helpful distinction. Can you help the Commission understand how those measure lives were adjusted? What was the process in changing those measured lives?

A (Stanley) So, there's been a number of studies over the past two to three years the utilities have undertaken. And, through those studies, where there's primary research being compiled at a measure level, we're examining actual projects performed in the field, to see what the actual measured savings were, versus the planned savings, and determination of the useful measure lives. There was a determination of downward adjustments for several measures that resulted in the observation that you're seeing in the Plan, where there is a reduction in benefits or benefit-cost ratios overall.

So, I can't speak to a specific example. Maybe one of my panel members here could speak to a specific example. But that's generally what's occurring.

Q That is very positive. Because what that tells me is that there's a feedback loop, people are -- the group is looking at actuals that's being fed back into the system, numbers are being adjusted. Thank you for that. That's very helpful.

Did anyone notice any measure lives being increased, or only decreased in this process?

A (Downes) Generally, they're going to decrease, because, as federal standards and codes come into play, it typically results in a shorter period before you hit that backstop.

With the -- the measure lives for C&I lighting, in particular, that came out of a thorough review of the Technical Reference Resource Manual *[sic]*. That is done -- it's honestly done all the time, but, like, there's a push at the end to get it ready for the next publication, if you will. And, so, that happens as a result of a review of measure lives in other states and the literature that was out there.

CHAIRMAN GOLDNER: Okay. Very good. Thank you. And, if somebody could check on this low-income lighting, if it's still in the New Hampshire Plan, on a break or at sometime today, that would be very helpful.

I think it's important to resolve all the questions, so that we don't have record requests, and another hearing, if we have record requests we need to follow up on. Okay.

BY THE WITNESS:

A (Chambers) I just checked the model. Linear bulbs are still -- well, not bulbs, lamps, linear lamps are still be offered, and fixture replacements of this type, but not the screw-in bulbs.

BY CHAIRMAN GOLDNER:

Q Okay.

A (Chambers) So, something that looks more like a commercial fixture, which would be in common areas in larger multi-family buildings.

Q Okay. Okay, thank you. That's excellent, Ms. Chambers. Appreciate that.

Okay. So, I understand from the first day of testimony that not all measures have a B to C above 1.0, and, in fact, you have a list on the next page of about 50 that I captured that don't. They're may be more, I don't know.

Can you walk me through an example of how the utilities analyze these measures for inclusion in the programs? And I'll just give some examples, so that we can -- we can talk about it.

So, there are a number of HEA weatherization programs that have a GST of below 1.0. But let's take another example. I'm just looking at random here, and saying, so, "A2a - Home Performance", "Pipe Insulation" has a GST of

"0.84". Why would that be in the program, if the GST is not above 1.0?

A (Downes) So, first, I think it's important to note that that, for that measure, in particular, that may be a site-specific benefit-cost estimate, right?

So, if you're in a home, and you have the opportunity to, I don't know if you know what pipe insulation looks like, but it's the styrofoam thing, that's usually gray, and it goes around.

Q It's in my basement. I'm with you.

A (Downes) Exactly. And, so, depending on how much is exposed, how cold it is in the basement, like that may be more or less cost-effective, based on the situation. But it's typically something to just, when the auditor is there, on-site, it's something that's relatively straightforward and easy to do. And will save energy, it just may not be cost-effective, in terms of the effort that goes in to putting it in.

Q Well, in fact, that's my very question. Like, why would you do something -- just because the contractor is there, why would you do something that's not cost-effective? This is the crux of my question.

A (Downes) Because that contractor is unlikely to ever be in that house again, that homeowner or renter is unlikely to put that insulation up themselves. And, so, you're losing an opportunity for energy savings if you leave it off.

Q But it's not -- it's not savings, though, right?

A (Downes) It's energy savings.

Q But it costs more than the benefit.

A (Downes) In the scheme of the overall project of being there on-site, it is -- yes, that one measure may not be saving money, but it is definitely going to be saving -- it will be saving money, actually. It may, if you look at the cost of putting it in, versus the benefit that's derived, you're still going to be saving money, it may not be much, but you're going to be saving money for that renter or homeowner that, to forgo, is a lost opportunity.

A (Stanley) Can I add?

Q Yes. Please.

A (Stanley) If we were only going to the site to do pipe insulation, then it wouldn't be a cost-effective endeavor. But, for that particular program, we're going to serve the entire home. We never serve a project with that program where that's the only measure. There's numerous measures that happen in a package. So, it's part of the package. So, on it's own, --

Q And I think, Mr. Stanley, I'm sorry for interrupting, I think you're referring to Low-Income Programs, which --

A (Stanley) I'm not. I'm referring to the standard income, or the Home Performance Program, where it's the same service, where we're serving the entire property. We're looking at all the energy-savings opportunities.

So, again, on its own, if we were just going to that home to do pipe insulation, that would not be a cost-effective endeavor.

Q So, is there somebody at the Joint Utilities is saying "Okay, it looks like there's three things we need to do. This one has a B to C of 1.5, this one has a B to C of 0.7, this one has a B to C of 0.4. We do the weighted average. Oh, no, the B to C is less than 1.0 at this house, we're not going to do these projects." Does that kind of analysis go on?

A (Stanley) That does happen.

Q Good.

A (Stanley) And there are sites there where we aren't able to support providing incentives for the job.

Q Okay. So that --

A (Stanley) It is looked at as a package.

Q This is very helpful, Mr. Stanley. Thank you for that.

So, when you go into a house, or when you go into a small business or a large business, that the package is being looked at. And, before you approve the "project", if I can call it that, at that particular house or that particular site, the analysis is done to make sure that the entirety of that project has a B to C of above 1.0?

A (Stanley) That's correct. It is looked at at a package level. And, if there are circumstances where the BC for the project is below 1.0, we will line item measures, and either have to adjust the extent to what they're serviced, or

remove them from part of the package.
Q Okay. Very good. I still will admit to being somewhat baffled, why it's helpful to have measures with a B to C below 1.0, and that coupling those with everything else makes for a good project. I'm going to continue to puzzle over that. But I appreciate the explanation. That's extremely helpful, and I appreciate that.
I'm going to turn a little bit now to incentives. And I've got some data that talks about those incentives.
And, when I look at Unitil, for example, most of the incentives are 50 percent or less. So, 50 percent or less incentives. But, with Eversource, it's much, much lower. It's quite different. The other utilities are in between. Eversource only shows about 25 percent of the incentives being less than 50 percent.
Can either Unitil or Eversource maybe help me understand why there's such a difference in the incentive levels, within the same program suite and this Triennial Plan?
A (Downes) I think --
A (Chambers) Well, can I actually clarify? What

program are you referring to?

Q I'm referring to the aggregate. So, if you look across all of the measures, across everything within, in this case, Eversource and Unitil, I'm just looking at, you know, cut them into pieces, so, it's incentives of less than 50 percent, incentives in between 50 and 100, incentives at 100 percent.

And my first question is really these -- why is there such a difference between Eversource and Unitil, with the incentive levels that are offered within the same program suite?

A (Downes) It would be helpful to have more specificity, but I did do some analysis on this after last hearing, and I don't have it at my fingertips. But I think it's more -- it's important to look at the cumulative total of incentives to Total Resource Cost. So, if you do that, we're much more aligned. And that was the analysis I ran.

And it's hard to talk about this math without the specificity of which measures or programs. But it's quite likely that Eversource, being larger and having more detail in their history from which they're building their plan, has more measures that have populated with quantities that they are going to plan to offer, like, to have production, I would call it.

And, so, an individual measure may have a higher amount of rebate to TRC. But that doesn't mean that, if you multiply it out, and the dollars that are actually being spent on those measures is relatively modest. So, if you look at the overall rebate spending in a program or at the portfolio level to the overall TRC, we're much more aligned. There's really not a whole lot of difference.

Q Yes. It's just, when you pull the data, it's surprising there's such a difference between utilities. Because you would think, I mean, I realize that some are on the Seacoast and some are in the north, and, you know, there can be different dynamics. So, I totally get that. I totally get there's, I'm sure, lots of other reasons for incentive levels being different.

But it's surprising to see that the utilities are not more aligned on the incentive levels. Why -- is there no discussion on aligning incentive levels across the utilities?

I would think that that would be a value-added discussion.

A (Chambers) So, again, I think this is where it's really important to know exactly which measures and programs we're talking about. So, for the Retail Products Program, for example, our utilities are -- our incentives are identical. Those are statewide incentives; they're set. For the Home Performance Program, our incentives are identical. They're set at a certain percentage of the project cost.

Q It's just that $2,200 we were talking about last time amount, --

A (Chambers) Right.

Q -- for which program?

A (Chambers) I think that was New Construction. But --

A (Stanley) That was New Construction.

Q New Construction, okay.

A (Chambers) So, for Home Performance, it's a certain percentage of the total project cost. And, so, what that exact dollar amount is will vary, but the percentage that the utilities are covering is identical.

Now, C&I is where things start to be a little bit different, because there are more custom measures. And, so, it could be that that's where you're seeing, if what you're saying is you "see a higher count of measures in Eversource's model that are offered at 25 percent", that could be just because we tend to have more custom projects where that's the incentive amount that we are offering.

Our customer base is quite a bit different than Unitil's. We tend to have more large customers. They tend to need less incentive support to make a project pencil out, as opposed to a small business. So, there's just -- there's a lot of variation within the C&I space, and I suspect that's where most of what you're seeing is happening.

Q Okay.

A (Downes) There's also, with lighting, in the C&I space, Unitil is doing a lot of lighting, and those tend to have a lower rebate to Total Resource Cost ratio. And, so, the emphasis that Unitil is placing on certain measures may be different, because of the -- because of our past experience or because of where our customers are at, or -- yes, those are the two primary reasons. But that may a reason.

But the actual experience of a customer in Unitil's territory is going to be very, very similar to the experience of a customer in Eversource's territory that's going after the same job.

Q So, let's take that specific example quickly. So, lighting measures, at C&I customers, Eversource versus Unitil, why would the discount or the subsidy or the rebate be different?

A (Downes) For some measures, it wouldn't be. So, for midstream measures, they would be identical.

Q Just for lighting, just use that as an example.

A (Downes) No, no. But that is for lighting, for midstream lighting.

For a project, it may be that Eversource has got more work than they can possibly get through, and, so, they can offer a lower rebate to customers. Whereas, Until maybe has a really big budget, and we're not getting as much demand in a given year. And, so, we're trying to meet our goals, and, so, we're offering a slightly richer incentive per kilowatt-hour saved. Or, for small, we -- maybe we have more small business customers. And, so, they're getting a higher incentive than the large customers that are being served predominantly by Eversource.

I'm making this up. But you get the idea, there are some variations.

Q So, just to quickly summarize. So, it would be supply-and-demand driven, that's the reason we're seeing differences? You have --

A (Stanley) Can I speak for Liberty?

Q Sure. Please.

A (Stanley) I know you didn't ask about Liberty. But, in many cases, we do need to negotiate for our C&I customers the incentive level. So, depending upon whether they're willing to take action or not, we look at the cost-effectiveness of the project, if the customer is strongly pushing back, saying "We're not going to move forward an opportunity", we will consider putting more money on the table in order to capture that sale. And numerous times throughout the year, that does occur. In some cases, we can put less money on the table to counter that.

But that does happen, and can be -- and is reflected in our historical averages, which is largely what is reflected in our planning assumptions. And I know that's consistent with the other companies, concerning the variances in incentives.

That's, again, as Ms. Chambers noted, largely within the custom measures that are listed in the benefit-cost model for C&I. So, we have categories like "Custom Large Lighting Retro" or "Custom Large Process Retrofit".

That's where there can be more variances in the incentive values offered by each utility, because of those types of situations.

Q Okay. I appreciate the clarity. It just seems like some of the rebate pieces seem to be the quality of the negotiator on both sides as they work to create a deal. And, so, that's a little bit unsettling, from the standpoint of I hope there's really good negotiators on the utility side, and maybe not so much on the C&I side, in particular, because it does sound like there's a negotiation going on here, "should we do the project or not?"

So, that's a little bit unsettling. But I think I have clarity on what's going on. So, I appreciate that.

A (Downes) So, might I add? I'm sorry to interrupt.

The utilities' goals are very clear. We want to achieve as much energy savings, as high benefits, as much capacity savings in summer and winter, and as much net benefits as we possibly can, in order to reach our goal.

Q Excuse me. Excuse me, Ms. Downes. I totally understand that. The issue is that, if you're trying to achieve your goal, and let's say it's fourth quarter, a topic that Commissioner Chattopadhyay brought up, and you're trying to do as many deals as you can to spend your budget, then your negotiator is more likely to concede, than if there was a longer time horizon.

Now, hopefully, the three-year Plan will helpful that, and that that will allow for more patience, in terms of negotiating deals, because you I won't feel like "Well, I've got to spend the money by December 31st or the money goes away", or something like that. So, I'm hopeful that the three-year time horizon helps.

But I am concerned that it -- that there's -- it's not more, you know, that there's what sounds like a fair amount of negotiation going on, in order to get jobs, in order to do work, in order to achieve the Plan.

So, I'll just pause there. I don't -- I think I've covered everything I need to cover.

I just have one last question on B to C, and then I want to move on to a different topic.

Can you explain, and anyone can answer this, how the utilities have prepared the Triennial Energy Efficiency Plans, with programming and incentive payments at levels optimized to deliver ratepayer savings?

And that's in the statute. I'm just reading directly from the statute, as you probably all know. So, I just would like to make sure that we have that on the record.

A (Leménager) And it's our understanding that the benefit-to-cost ratio above 1.0, under the

Granite State Test, having that threshold cleared, does optimize the programs and does provide benefits to all customers.

Q And you're referring to at the Plan level, right? The 2.something that the Plan level achieves, in the utilities' view, is sufficient to meet the statute. Is that correct?

A (Leménager) Correct.

Q Okay. Okay. I just want to make sure I understand the utilities' position. So, that's -- everyone agrees?

A *[Multiple witnesses indicating in the affirmative.]*

Q Okay. All right. Okay. Thank you for that.

Okay, let's move on to a couple of other topics here, in case you're tired of talking about B to C. So, let's talk about budget quickly, just one question.

We talked last time about each utility spending up to 120 percent of a program budget without negotiation. Can anyone explain why this is reasonable?

I mean, why not 102 percent? Or 200 percent? Or 700 percent? Why 120 percent?

And, if it's "this is the way it's always been", please think of another answer.
A (Leménager) I understand. So, there is program variability throughout the year, supply-and-demand, as you're aware, that we're trying to meet. And, as programs are running in real-time, there isn't necessarily an on/off, where you can immediately shut down a program, there's also a desire to maintain program continuity, to keep all programs open and running.

And the "20 percent" has been found to be an adequate threshold for us running the programs, one, to keep everything open and operating fully, --
Q Can I just interrupt real quick? How did you find "20 percent" to be the right number? That's what I'm puzzling over. Why not 25 percent? Or 10 percent? Or 200 percent? I don't understand "20".
A (Leménager) I believe the "20 percent" was a negotiated number. However, it has served its purpose well, in terms of where do we notify the Commission, and where do we have some

understanding that some programs may be slightly under budget, some might be slightly over budget.

But the concept has been to allow for all the programs to continue to operate, and, if need be, rebalance throughout the year. Because the Plan is -- right now, we've proposed a Plan for the next three years. And, as we're going through the three years, many variables will continue to evolve. And that "120 percent" allows us to adapt and manage the programs, to an extent where we don't have to come in and notify for slightly moving or deviating from that planned amount, but still operating within a reasonable threshold.

And I see my colleague, Eric, would like to --

Q Mr. Stanley.

A (Stanley) Yes. Thank you. Yes. So, being involved in the programs for over the past decade here in New Hampshire, at one point there was a process where, if there was a scenario where a program was trending to spend over 120 percent, the utilities heeded to file for permission from the Commission to be able to do that. And what we would encounter, historically, is that all the programs, there would be variability year-to-year in terms of activity, compared to what we forecasted. It was almost impossible to land a budget within 5 percent, even, in some cases, 10 percent, as we anticipated. But, to have to go to the Commission and get approval, for a scenario where the budget would be -- our actuals would be different from what we planned, it would slow down our process of being able -- to be able to react quickly to the market, being able to react quickly to demand that we were seeing. We would, in some cases, have to hold customer projects, because we were waiting for that, for those decisions from the Commission.

And, so, it would create a bottleneck. It would create a poor customer experience. It would prevent us from capturing projects as quickly and as efficiently as we could.

So, there is history, in terms of the "120 percent", in terms of that was the threshold historically that was set. We feel that that's an effective level, in terms of variability, because there are large swings year-to-year for programs. Our programs this year, particularly in the New Construction market, we -- all the utilities are significantly underspending in that program. Activity has been slow to realize, due to bottlenecks with the HERS raters being able to process activity effectively.

And, so, knowing that now, we're able to more easily shift dollars to other programs, and capture activity in those programs more efficiently, where it's above a 20 percent adjustment that we're trending for some of the programs. And, if we had to rely -- if we were working at a lower threshold, for that kind of "ceiling", so to speak, and needing Commission approval, it would slow down our process -- processes, it would prevent us from being able to react more efficiently to the marketplace. And we don't think it would result in us optimizing savings as part of the programs.

Q Okay. Thank you, Mr. Stanley. I want to move onto another topic.

So, this is relative to audits. Who is the watchdog that looks out for fraud and other illegal activity related to energy efficiency programming?

A (Peters) So, I can start, if that works for others.

So, there's a couple pieces to ensuring both that the work was done correctly, and that we're being aware of and preventing fraud in the programs.

In terms of the work being done correctly in the homes, there's a QA/QC process for all of the programs. It varies slightly, based on kind of what the measures being installed are. But we do inspections on jobs, to make sure that the work that we were billed for was actually done and installed properly in the buildings.

On the -- kind of the back-end, we have a pretty significant accounting kind of process and review within the utilities. We each have our own kind of accounting rules, but they are similar, in the fact that we're doing multiple-step reviews of invoices, invoice approvals. So, they're not just kind of signed off on and paid by a single employee. There's a multiple-step review process.

We have kind of an internal audit. I know, at Eversource, we have a whole Internal Audit Division, and they regularly go through and review our own programs, to make sure that we have a process and procedure in place.

We also are audited by the Department of Energy. Usually, yearly, these programs get some level of audit after we file our annual reports. So they are going through invoices, they contact with us with request for backup on individual invoices all the way through.

So, there's kind of multiple review processes happening, to ensure that the dollars are used as they're intended.

Q Thank you. That's very helpful. That sounds very thorough.

Has fraud ever been deducted in any of these processes?

A (Peters) I cannot recall any instances in New Hampshire where we have detected fraud. There have been instances in other states that have -- we've been made aware of. So, it's possible, certainly. And it's very important to kind of keep aware of it and keep on top of it.

But I can't think of a New Hampshire-specific instance of fraud that we found.

A (Stanley) I can speak to where, though, we receive applications that don't qualify, and we reject those applications. So, I wouldn't classify that as "fraud" specifically.

But it's something that the topic all the utilities take extremely seriously. We've established protocols in our commercial market, where we postinspect every job, where there's a different person, typically, a utility member. Specifically, on my team, for example, that postinspects job that has been done by a contractor, we're going in and verifying that their work matches what was stated as completed. We're counting light bulbs, we're examining how many steam traps were served, and whether the steam traps were actually done, independent of, again, the contractor who performed the work.

For more of our mass markets programs, because we aren't able to, for example, heating system replacements, we aren't able to go to a thousand customer homes and independently verify if the equipment has been installed, we do a sampling of all applications received. And we go and independently visit those homes, to validate that what was on the receipts matches what is installed in the home, that the equipment is actually running. That, for example, a smart thermostat, the customer says they bought a smart thermostat, we go to the home. Do we actually see the smart thermostat installed? Is it working properly? And that's done independent of the vendor we have who's processing the rebate.

So, those are ingrained processes. And we think we have really good protocols in place to minimize the chance of fraud occurring, because it is a risk.

Q So, I think I can summarize by saying it sounds like there's a lot of controls in place to prevent, you know, we'll call it "fraud", or any kind of illegal activity.

I would still say this is, for me, at least a yellow, if not a red flag. If, in all of the millions of transactions, and subcontractors and everything else that the utilities have dealt with, not a single instance of illegal activity or fraud in New Hampshire is, I would say, surprising.

So, I would encourage the utilities to really take a good look at this, because, as I said, this is at least a yellow, if not a red -- red flag. Although, it does sound like there are a lot of really good controls in place. So, I think both things can be true at the same time.

Last question on this "audit" sort of series of questions.

Do you have any concerns about favoritism with contractors? Maybe, within the utilities, there are contractors that maybe get more business than another equally qualified contractor. How do you -- how do you manage that potential situation?

A (Peters) So, there are a couple different methods for which contractors are doing which work, depending on the program. A lot of the programs utilize customer choice. So, the customer is actually choosing their contractor, rather than the utility assigning a contractor. And that's an important piece, I think, of kind of marketplace, you know, oversight of itself.

In instances where there are programs

where the utility is assigning contractors, a lot of the times, like in our Small Business Direct-Install Programs, we are using procurement processes to choose those contractors. So, we will do an RFP for the program, and collect bids from contractors that want to participate, and evaluate them in a procurement process, and kind of determine who will be chosen for those particular program installs. So, that's a process.

In something like the Home Performance Program, where we have residential contractors out doing work, there's an element both of assignments and customer choice. So, there is a list of qualified contractors that meet certain eligibility requirements, in terms of their knowledge and their capabilities. From that qualified list of contractors, the customer can choose who they want to work with. Or, if they don't have a choice, and they want a contractor assigned, each utility uses, essentially, a rotational type system, based on the location of the customer and the contractor capacity, to kind of assign those jobs out through the contractor network.

So, there's a couple ways that it happens.

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

Okay. Moving on to another topic. This will be relative to the carryforward.

Does the carryforward, in the current paradigm, ever get trued up? And I think the statute is pretty clear that, within a Triennial Plan, the carryforward just rolls in. And I think the statute is clear on that front.

But, between Triennial Plans, does the carryforward get trued up?

A (Leménager) Yes. So, whatever the over- or under-collection is at the end of any calendar year, once that year has its results finalized, then, the resulting carryover or carryunder is applied to the future Plan year.

So, for example, in 2022, we filed our results on June 1st, 2023, and those results contained the carryover or carryunder, for our utility, in our filing, and each other utility's respective amount in their filings. And that amount will be carried forward into 2024, for example, for Eversource. So, we applied that as part of this proposed budget.

Q So, it's really -- it's really continuous. So, it doesn't matter whether it's between Plan or within a Plan, the carryforward rolls to the next year. And this is just from my understanding. And there's no limits. I'm not aware of any limit.

And, so, my question becomes, do the utilities receive or pay a prime rate or any kind of rate on the balances?

A (Leménager) Yes, we do. We apply the prime rate on the balances that are accruing.

Q So, then, wouldn't there be an incentive to overspend? Because, if you overspend, then you get prime rate on top of the overspend. And, so, you would -- the utility would collect more money in that instance?

A (Leménager) Not necessarily. So, the rates are fixed, where HB 549 has set the SBC funding rate for energy efficiency in the state for each utility. Where, if the utility were to overspend every year its actual collections, then the pool of funding available for energy efficiency would

necessarily shrink over time.
Q I see.
A (Leménager) So, the concept is to just compensate for the time, but not to, I guess, game how the mechanism works.
Q Okay. So, said differently, any prime rate collected, in the example we were talking about, would decrement the amount of spending available for programs?
A (Leménager) Just to draw a scenario, if Eversource were to overspend meaningfully, in 2023, for example, it would necessarily have to come out of a future budget.
Q Right. Correct. Okay.
A (Leménager) Yes.
Q And the same -- the inverse is also true, right? You would -- if you underspent, the prime rate would be applied, and that would provide additional budget?
A (Leménager) Correct.
Q Okay. Thank you. Okay. Relative to administrative costs, and this is the same question I think I asked the DOE, it is was one of the parties in the Day 1 session. It appears

that the share of administrative, marketing, and EM&V costs are increasing pretty steeply over time, almost doubling for each of the utilities, with the exception of NHEC, where it increases at a much lower rate, from 2021 to 2026.

Can I get the utilities' perspective of why these, and I'll call them "administrative costs", are increasing so rapidly?

A (Downes) Sure. I think it's important to note that the -- I'll just -- we described in the Plan, on Bates 027, how the -- for this Plan period, the New Hampshire Utilities adjusted our accounting cost categories, in large part in response to the Commission's interest in the investigatory docket, and distinguish between funds that go directly to customers to overcome the upfront cost of energy efficiency, and the funds for implementation that go to vendors and contractors, as well as to the utility staff who make all that work possible.

So, in prior periods, before this term, external vendor costs were combined into an accounting category called "Customer Rebates and Services", with the emphasis on the "and

Services". We heard the Commission's interest in isolating the funds that went directly to customers, and so separated out the funds that are going to customers, and put those into a category called "Customer Incentives". And, then, the costs that are going to vendors to help support programs and manage to the utility standards, and do the reporting, that is in "Implementation Services" now.

In addition, the utilities combined the expenses related to marketing and education, in order to better reflect the efforts to overcome barriers to information, awareness, and workforce training. As a result of the expanding -- of expanding the "Marketing Costs" category from prior Plan periods, to an "Education and Marketing Costs" category for the coming term, the cost categories are no longer comparable.

Finally, while the expenses associated with EM&V haven't changed, the utilities are now more clearly distinguishing these costs at the sector level, by including a dedicated line in the cost table of the benefit-cost model, and the utilities' specific attachments that accompany the Plan.

Reporting EM&V costs at the sector, rather than the program level, better represents the cross-cutting nature of most EM&V activities --

Q Ms. Downes, if I may interrupt just real quick?

A (Downes) Yes.

Q So, basically, you're saying it's an accounting change, right?

A (Downes) Yes.

Q It's not really doubling, it's there's some money that's moving around in different pockets. Can you help with or show me where I can find an apples-to-apples comparison?

A (Downes) I actually printed one out. But, basically, there's a table in each of our plans that has the cost categories, and how they're described. Excuse me. And that is a -- can be a side-by-side comparison.

Q Okay. Can you, maybe at the break, maybe you can give us a quick summary of what that looks like?

A (Leménager) I can point you to where in the filing.

Q Oh, perfect. Yes. Go ahead, I'm looking at it.

A (Downes) So, I've got a sheet here. I'm happy to, with my -- with the lawyer's okay, to provide this. But, basically, I have two, two tables, one for each, 2024 to 2026, and then the one that came out of this year's Plan, so that you have a side-by-side comparison.

If you want me to read them off, I can do that, or I can provide it.

MR. CAMPBELL: Yes. Well, I thought Mr. Leménager mentioned that there might be something already in the record that he could draw the Commission's attention to, is that right?

WITNESS LEMENAGER: Yes.

MR. CAMPBELL: I don't want to put words in your mouth.

BY THE WITNESS:

A (Leménger) So, for the actual numerical comparison and percentage comparison, we file what's labeled as "Attachment C".

BY CHAIRMAN GOLDNER:

Q Can you just point me to the Bates page and the exhibit please?

A (Leménager) Yes. So, we have, in the Plan

filing, Bates Page 131.
Q Okay. Just a moment please. So, that's Exhibit 1, 131?
A (Leménager) Yes.
CMSR. SIMPSON: That's in Part 2.
BY CHAIRMAN GOLDNER:
Q In Part 2. Hold on just a second. We have it broken into pieces here. Yes. Thank you. So, 131. Okay. I'm there.
A (Leménager) And what you're seeing on Bates Page 131 is labeled as the "2024 through 2026", the combined "Budgets by Activity". And, at the bottom, you'll see the grand total in dollars, and the grand total in percentages below that, by utility, by electric and gas, and rolled up as a grand total across all six utilities. And that will show you the amounts going to each respective accounting category, and the percentage, the weighing, if you will, the percentage of each respective category.
And, if you were to -- if you wanted an annual comparison, if you were to go up I think three pages, you would get just the 2026 same information, same thing three pages up, 2025, and

2024 as well.

Q Perfect. This is actually a good segue into my next question as well. So, this is the perfect table. So, I'm still on the same page.

So, I think what this is telling us is, for the Triennial Plan, that the total spending is 253.8 million. Is that -- am I reading the right line?

A (Leménager) Correct.

Q Okay. And that the amount of spending that's -- so, there's different categories, "EM&V", and "Education and Marketing", and so forth. Is that "Customer Incentives" line the amount that actually reaches the customer, the 194 million?

A *[Witness Leménager indicating in the affirmative].*

Q Okay. So, I'll get out my handy four-function calculator here, and say that 195, divided by 254. So, about 77 percent of the incoming dollars is returned in the form of customer incentives?

A (Leménager) Correct. Across all utilities, rolled up, yes.

Q Perfect. Okay. Thank you. That is extremely helpful.

Okay. I'd like to talk a little bit about "branding". I think the "NHSaves" moniker is used across the entire New England zone, correct? It's used in Massachusetts and Connecticut, and so forth?

A (Chambers) No.

Q No?

A (Chambers) Those have their own, they're own brands. They're all separately branded and copyrighted. There's "NHSaves", "Mass Saves", and "EnergizeCT".

Q It sounds very similar, though. Okay.

A (Chambers) Yes.

Q But "NHSaves" is it's own thing, I appreciate your distinction. And I'm wondering about branding, because, you know, companies spend a lot of money to brand. Coca-Cola, I think we all know, has a valuable brand. I think "NHSaves" is a valuable brand.

And what I am trying to understand is, why is this a ratepayer cost, as opposed to a shareholder cost?

The amount of marketing, and so forth,

on the "NHSaves" brand seems like a shareholder cost to me, and not a ratepayer cost. And I want to give the utilities a chance to comment on that.

A (Peters) I would note that the purpose of the "NHSaves" brand is to achieve the energy efficiency goals of the programs. So, the reason that the brand exists is to have customers understand that there are energy efficiency programs, and that NHSaves is a kind of single place, regardless of which utility you may have, where you can find information about efficiency. So, the entire purpose of "NHSaves", as a brand, is to raise awareness and get customers access to the efficiency programs that are funded by the SBC.

Q And I think Eversource, if I'm not wrong, and probably the other utilities, too, but I follow Eversource maybe a little more carefully, due to the size, it's a featured aspect of the Company, is it not, this business of energy efficiency savings, and NHSaves and Mass Saves, and so forth? It's really featured at the corporate level, is it not?

A (Peters) Yes. I would say that it's very important to us that we are able to provide efficiency programs to our customers. But, in each state, you know, that is something that is kind of designated to us also through the regulatory process. So, yes.

Q Okay.

A (Stanley) Can I add?

Q Please.

A (Stanley) That there was a point in time where the utilities didn't use the "NHSaves" brand. There was a *NHSaves.com* website, but the utilities largely promoted the programs with their own individual utility brands, to build awareness of the efficiency offerings, to encourage participation. And we struggled with engaging effectively in the market because of that. Because customers would see the marketing, and they would say to themselves "Well, I'm not a Liberty customer, so this doesn't pertain to me", or "I'm an Eversource" -- "I'm not a Unitil customer, this doesn't pertain to me."

There would be more confusion that we saw happening with customers and contractors.

And we saw the efforts in other justifications of using this more "umbrella" brand to unify and to reflect that there are consistent offerings across all companies, that you're going to get the same types of service, regardless of the utility you're serviced by.

So, we thought that that was a good best practice, to then apply and use this "NHSaves" brand to try to minimize confusion from customers about what's available to them, to try to minimize confusion about how to participate, where to go.

We do see some customers, though, get confused thinking that NHSaves is a separate entity, and that it's a company in and of itself. So, that's more of the current challenge. But we try to lead with "NHSaves" wherever we can, to minimize that customer confusion. We find that that's a more recognizable brand. It's more effective in generating awareness, rather than each utility promoting it's own brand to highlight the programs.

Q Well, now you've done such a good job, the Commission is now asking about "who should pay for it?", because it's working so well. So, I appreciate that. And I think it is a brand that is well understood and has some value. So, --

A (Downes) I might just add that the NHSaves is -- the brand is utilized exclusively to promote energy efficiency programs and awareness of energy efficiency. It's not used by any of the companies in order to promote its own activity in other areas, for grid mode or EV or anything like that, that is not allowed. There are brand guidelines. There are very -- and we also police that to some extent, to make sure that unauthorized parties don't use the brand inappropriately, without permission. So, there are some rules around it about, you know, what we can and can't put that brand name on, and it is exclusively for energy efficiency programming.

Q Oh, totally understand. But it also clearly is a good thing for the utilities, and that was the spirit of my question.

Okay. I'm done on branding. We can move on to the next topic, which I think is related. It's related to LBR.

And I don't -- I don't really

understand why lost base revenue is not a part of the budget, when ratepayers are, in fact, paying for this expense. So, it seems like that $14 million, assuming this is directed at Eversource, of course, because you're the only one with LBR, why that wasn't decremented from the budget, because ratepayers are paying for LBR?

A (Leménager) So, my understanding of the Lost Base Revenue rate within the SBC is it's a separate component of the SBC rate. It's not part of the energy efficiency funding portion of the SBC rate. So, the funding portion of the SBC rate is identical across all four electric utilities. And, then, Eversource, which is the lone regulated electric utility that still has LBR in place, there's a separate portion of the SBC rate where that LBR amount is calculated into a rate. And I believe it's in a separate docket at this point.

Q I think that's correct. And, so, and, in effect, from a ratepayer point of view, and I'm taking into account all the different pieces that add up into the budget, SBC and so forth, it's the $254 million we talked about earlier on Page 131, plus the 14 million from Eversource, is really the ask from ratepayers, if we're looking at the total amount of funding that's coming from ratepayers.

So, I'm just trying to understand how much ratepayers are paying for overall. So, that's very helpful. I think I understand.

Next question is relative to PI. And just, when I look at the Petition, I don't see any request relative to PI. I'm hoping somebody can help me understand what the request is for the utilities, relative to PI, because it's not in the Petition?

A (Leménager) So, --

MS. CHIAVARA: I guess that's me.

So, when we asked, in the Petition, at the end of the Petition, for "approval of the Plan in its entirety", and I believe PI is included as part of that Plan. So, we didn't enumerate all the individual components of the Plan, but it is a part of the total Plan.

BY CHAIRMAN GOLDNER:

Q So, can somebody enumerate to me what the ask is for PI?

A (Downes) So, our outputs, the outputs from each of the utilities, have a performance incentive estimate for each year, and then the goal over the course of the term for each separate utility. And --

CHAIRMAN GOLDNER: I'm sorry, Ms. Downes.

WITNESS DOWNES: Yes.

CHAIRMAN GOLDNER: Let me interrupt you real quick.

So, Attorney Chiavara, you can maybe help me. I think your interpretation of the statute is that the Commission is not required to approve PI, *per se*, but changes to PI? Or is the Commission required to approve PI, *per se*?

MS. CHIAVARA: From my reading of the statute, I believe the Commission is charged to approve changes to PI. But that in and off itself is the entire PI proposal. The PI proposal is inclusive of the changes to PI.

CHAIRMAN GOLDNER: So, did anything change with respect to PI? I'm trying to understand what it is you're asking the Commission to approve. If nothing changed, there's nothing to approve, in your interpretation of the statute, if I'm not wrong.

MS. CHIAVARA: I do not believe that there any changes that rose to the level of, like, structural changes. I believe that the PI structure and framework is still the same as it was on January 1st, 2021, when the -- which is what the law refers back to.

The changes that we outlined in direct exam were really minor administrative-type changes. And, so, we were mainly noting those, but seeking approval for the PI proposed -- the PI as it's proposed in the Plan, so, the whole thing.

CHAIRMAN GOLDNER: So, I'll sort of return to -- I'm trying to understand it. I mean, I suppose the case you're making is there are some *de minimus* changes, the SmartSTART, and some other of those kinds of things that I can recall reading in the Plan, that -- I'm just trying to understand, what are you asking us to approve? I don't understand what you're asking us to approve?

MS. CHIAVARA: The PI, as it's

proposed, the entire PI proposed.

CHAIRMAN GOLDNER: As proposed. And, then, can you tell me how it changed exactly from last time? Because I think your -- the other thing you said was that "any changes, small, large, or medium, the Commission is required to approve."

And maybe that's a witness question, I don't know. But I'm just trying to understand, what changed, and then what are you asking us to approve, because only changes are relevant, in your interpretation?

MS. CHIAVARA: I think that, and yes, we may be in a little bit of a no-man's-land between attorneys and witnesses. But I think that the changes, while they don't rise to a significant level of altering the structure, we did want the Commission to be aware of the changes. That's why we also included them in the Joint Party Stipulation. But we believe that those are consistent with the existing PI framework.

And, if you could give me just a moment to scroll to the appropriate -- the appropriate section of the law, and so I can create an awkward enough pause here.

I believe it's the Commission needs to issue a separate order approving, yes, approving changes to performance incentives. But I would say that we still need approval of the performance incentives as a component part of the Plan.

WITNESS PETERS: Could I just reference -- I'm sorry.

MS. CHIAVARA: No, go for it.

WITNESS PETERS: -- Bates Page 092, 093, and 094, are the pages in the Plan document itself that describe the performance incentive and the administrative adjustments.

BY CHAIRMAN GOLDNER:

Q So, I'm turning to Bates 092 through 094.

A (Leménager) And, if I could add, the highlighted yellow portions of those pages are the changes.

Q Okay. That's helpful. Let me study that for a moment please. So, everything in yellow is called "Term Filing with Commission". What does that mean?

A (Leménager) So, what's currently in place for

2023 is an annual PI filing. That is what determines the performance incentive. And, as this proposal changed to the three-year shift, and having a full three-year operating budget and planning and execution period, the performance incentive would ultimately be determined based off of the three-year performance, rather than three separate annual performances.

Q Okay. And is there anything else you're requesting from the Commission? So, the one- to three-year I understand. Anything else you're requesting?

A (Leménager) Just noting that, on Bates Page 095, there's one other yellow highlight, where the current approval is for -- or, the current framework has been noted as "105 percent of the approved budget for the year." It's an annual budget. Where, again, to accommodate the three-year Plan, just saying "let's apply 105 percent to the term budget." The same dollar impact, if you will.

Q Thank you. Okay. So, that's two. And, then, didn't I see SmartSTART in here somewhere being removed? I don't -- I saw it in the filing somewhere, I can't immediately recall where I saw it. But do you -- does that show up on these pages as well?

A (Leménager) It's not contained in the Plan filing itself. But, separately, Eversource and the Electric Co-op offer SmartSTART financing for municipal customers. And Eversource has, in 2023, earned the performance incentive based on successful loan repayments.

And, in response to questioning from the interrogatories, as well as in response to the Commission's order last year, we -- Eversource has decided to forgo that performance incentive beginning in 2024 and going forward.

Q Okay. What about NHEC, Ms. Woods?

A (Woods) We've never had a performance incentive on SmartSTART.

Q Okay.

A (Woods) So, it's never --

Q So, it was never in there?

A (Woods) Yes.

Q Okay. Thank you. Okay. So, that's three things. I'm up to three. Anything else you're asking the Commission to review today on PI?

MS. CHIAVARA: I would just say that the performance incentive has been structured around the budgets in this Plan, which are updated from the budgets in the previous Plan. So, that is, I would say, a change, it's an update. It is a change, consistent with the performance incentive framework that was approved by the most recent legislation in HB 549. But it's still -- it's an update, so changed numbers.

CHAIRMAN GOLDNER: And does that differ -- does your legal interpretation differ on changes for PI versus changes to programs? Would a budget change also be a change to programs?

MS. CHIAVARA: Would a -- I don't know that it would necessarily. A budget change wouldn't be a change to program structure. It would be more, again, of an update to adequately address the funding increases and the funding changes.

CHAIRMAN GOLDNER: Yes. I'm not understanding. That word "structure" is not in the statute. So, I'm just trying to understand the utilities' position with respect to PI and program changes, and what a change is or isn't?

MS. CHIAVARA: True.

CHAIRMAN GOLDNER: So, would you -- could you care to color between the lines for me?

MS. CHIAVARA: Sure. So, a budgetary change for a program would be more of a program update to align with the current funding that we have for the -- for this proposed Plan. I don't believe it's a structural change to a program that would rise to the level of -- I don't believe it's a structural change to the program, I'll say that. That's -- Yes. And I'll leave it at that.

CHAIRMAN GOLDNER: Okay. Okay. Thank you.

All right. Let me hit a couple more topics here, before I move on to Commissioner Simpson.

I do have some questions related to loans.

BY CHAIRMAN GOLDNER:

Q Can one of the witnesses point us to where the principal amounts are staged for on-bill financing? In the filing, it's -- the only thing

I could see was there were some general references to "the dollar amounts were somewhere else", but then I could never find "somewhere".

So, is that listed anywhere in this filing? And where I'm going is that the principal amounts, and then the difference between actual rates and market rates should be tracked and quantifiable. And I'm just trying to understand where that amount is on the record?

A (Downes) So, the on-bill financing offers are independent of new system benefit or forward capacity market or any other funding stream. So, they were set up years ago, and they are now revolving. They are self-contained, so to speak. And, so, the funds that are flowing in are coming from customer repayments of principal on the loan. And there's no new monies, other than that coming back into those revolving loan pools. So, there --

Q So, it's zoomed out at the end of every year or, like, where would it balance --

A (Downes) No, it revolves. So that we report on this on a quarterly basis, in our quarterly reports to the Commission and the parties.

There's a balancing there. There's a reference -- showing the starting balance for the year, what's gone out, what's come back in, what's current, what actually is in process of being lent out, and then the current balance of funds available for new loans. And, so, --

Q And what would be the range? Is this some tens of dollars, hundreds of dollars, millions of dollars? What kind of -- I understand what you're saying, there's a variation, because it's revolving. But there's probably a min. and a max. What kind of range do you see?

A (Downes) Range of the balance of the fund altogether? That would be different for each company, because we have -- we have a different amount of seed funding in the Revolving Loan Fund for each of us. So, --

Q Can you point me -- I'm sorry, Ms. Downes. Can you point me to the filing? Where would I see this?

A (Downes) It would be in a quarterly report. So, --

A (Leménager) The latest one was filed back in -- the end of --

A (Chambers) August 25th.
A (Leménager) August 25th was the last filing for the second quarter 2023 --
Q Okay.
A (Leménager) -- quarterly reports.
Q Okay. Thank you.
A (Downes) Those are also subject to audit, to the PUC's audit. And, from my own experience, there is a great deal of interest in ticking and tying out every last dollar there.
Q Hopefully, it's the DOE's audit, because we don't have an Audit Department. So, it's --

CHAIRMAN GOLDNER: Is that, Mr. Dexter, if you -- the DOE does audit these accounts?

MR. DEXTER: Yes.

CHAIRMAN GOLDNER: Okay. Very good. Thank you.

WITNESS LEMENAGER: If I could add, too, just to clarify where in those filings, if that would be further helpful?

CHAIRMAN GOLDNER: Oh, that would be very helpful.

WITNESS LEMENAGER: Pages 20 -- well, Pages 24 -- at the bottom, there's a page number, Pages 24, 25, and 26.

CHAIRMAN GOLDNER: Perfect. Thank you, sir.

WITNESS LEMENAGER: You're welcome.

BY CHAIRMAN GOLDNER:

Q All right. So, my next question is relative to ESRPP, the "ENERGY STAR Retail Products Platform". On Bates 064, I think, second paragraph, is there a mechanism where these incentives are restricted to New Hampshire customers? Do you have to show a New Hampshire license? Or, how -- are these in any way restricted? Or can really anyone get the benefit of this particular program?

A (Peters) I believe, with the ESRPP, where the incentives are provided at the retail level, the customer in the store is not providing any New Hampshire-specific identification. This is -- it's an option that we are looking at. It has not actually been implemented yet. And that is one of the considerations. You want to make sure that the customers utilizing the program are actually the ones who are New Hampshire customers.

Q Because I imagine, on our southern border, where there's no sales tax either, that there might be a popular spot to buy things, right, and given the New Hampshire tax structure?

A (Peters) And, so, if a program like ESRPP was implemented, we would need to look at, essentially, realization rates. So, you know, you would potentially end up having free-riders that you would need to account for, in terms of claiming savings, for that type of the program.

Q Yes. I think my interest is just around making sure that New Hampshire dollars collected are going out in the right way. So, I appreciate the clarity on that.

And I just have, I think, one more line of questioning, and then I'll turn it over to Commissioner Simpson, or perhaps we'll take a break before Commissioner Simpson gets started.

And it's relative to the low-income category. And I think the Commission is very interested in ensuring that the benefits are targeted at low-income individuals, the benefits that are targeted there, you know, sort of reach there. So, that's the spirit of the questions

I'm about to ask.

And, when I look at -- when I look at the data provided, it looks like there's, and, Mr. Stanley, I think you touched upon this previously, but I just want to have further clarity, a lot of the dollars spent go not necessarily to the low-income renter, or the low-income sort of household, it goes to the landlord. The landlord is getting the benefit of the refrigerator or the washer and dryer, whatever also is going into the place. And, then, the low-income recipient gets the benefit of the lower energy bills. But, when I look at the dollars spent, it looks like the -- I'll call them the "landlords" are receiving more benefits than the tenants.

And, so, my concern, and what I wanted to ask the utilities to elaborate on, is do you have any concerns about the dollars being spent in this fund not actually receiving -- being received by low-income ratepayers, but rather by landlords?

A (Peters) Yes. So, I can start, and Mr. Stanley can certainly add on as well.

I think the intent of the income-eligible program is to reduce energy use and energy burden for those low-income customers. It is true that there are different -- different types of arrangements with renters and landlords, who is the paying the bill, and it does differ in different buildings. But, overall, the income-eligible resident should see a reduction in any energy bills that they do pay, and they should also see the benefits of the improvement, in terms of health and safety, and comfort, and living in an efficient building and building stock.

And, so, over time, these income-eligible units, that are owned by landlords, but lived in by low-income customers, become more efficient and stay more efficient for the future renters.

So, the intent is to benefit the people living in the buildings. But, you are right, the owner of the building is also improving that building that they own.

Q And, because the way I -- let's just say, that you could read the statute, with "20 percent of the spending being focused on low-income ratepayers", one could interpret that to mean "the benefits should, if not entirely, then at least primarily accrue to the low-income ratepayer."

So, my concern is relative to that distinction in the statute. Are we really providing 20 percent, as required by statute, to the low-income ratepayer, or are we providing it to someone else?

A (Stanley) I can add, from Ms. Peters' comment, in terms of the valuation of the benefits, in that landlord/tenant situation, and just to point out that not all of the income-eligible participants are in the circumstance where they're a tenant. In some cases, they own the property, and we're serving those properties as well.

But, in that circumstance where, say, a multi-family building, where there's an owner and a tenant, the tenant -- the benefits that are reflected in our benefit-cost modeling are entirely related to the energy usage and the consumer of energy in that property.

The landlord, their benefits, in terms

of potentially the valuation of the property, enhanced site assets, that's not reflected, in terms of benefits, in our benefit-cost testing. That is a benefit to the building owner. But, where they're not paying the utility bill, if it's the tenant, the income-eligible tenant that's getting the energy-saving benefits, those are the benefits that are reflected in our cost modeling.

So, in the example you're saying, I would say the vast majority of the benefits are, in terms of our modeling of the program, are to that tenant. Where, even though they're not the owner of the building, they are getting the energy-savings benefits, and that's what's reflected.

Q And, so, if you have kind of, let's say, a four-, you know, a four-unit complex or eight-unit complex, there's a limit in here, and it's, you know, frankly, a bit of a faux limit, because the limit can be exceeded at $15,000. So, I'm not really sure what the benefit is of having a limit, if it's not really a limit. But that's neither here nor there.

In a classic sort of four-unit apartment complex, would it be fair to say that the maximum spend is $60,000, this issue of overruns aside?

A (Stanley) Yes.

Q Okay.

A (Stanley) I would say, in those circumstances that's not typical for that type of property. But, in a single-family home, we will run into circumstances where there could be the need to go over $15,000. That's largely -- it's largely, too, where there's a heating system replacement in need, that's most typically where we need to exceed that $15,000 cap.

Q And what are examples where you would see examples of exceeding 15,000? That would be in sort of an individual dwelling heating system, these are places where you would see 18,000, 20,000, something greater than the 15, where there would be an exception to this $15,000 sort of rule?

A (Stanley) Correct. If there's health and safety issues we need to address in order to serve the property, that the utilities would be funding, those are also circumstances that would potentially require us to go over that $15,000 cap.

Now, recognize that it's something where, if there are projects that have those circumstances that we would have to go above $15,000, that's not ideal on the utility side, because that limits dollars, that limits our ability to make the program whole. So, it's a balancing act that we need to handle. And there are many instances where we push back on those jobs and reject those jobs. So, it's not -- it's not as if we're going to approve it no matter what. We do look at that closely, and take into account the cost-effectiveness of the overall project.

But those are the more common circumstances where that would occur, going over the $15,000 cap.

Q Okay. So, that does seem like a bit of an equity issue. If you have a $25,000 spend in one place, you're running out of budget for the year, the next person gets 8,000, then, you know, then, you sort of have an equity issue, even if they had the same requirements.

Have the Joint Utilities, or in concert with the other parties, ever considered a model where the landlords receive the same rebates, benefits, as the rest of the constituency, and only the low-income ratepayers who have their own property, so the benefits accrue only to low-income ratepayers? Has a model like that ever been considered?

A (Peters) I think it has been considered. I think the difficulty is, especially in situations where the renter is paying the electric and heating bills, one or the other or both, the landlord would have essentially no incentive to make efficiency improvements to the building. And, so, it has been deemed kind of a priority to ensure that we are focused on and serving those income-eligible occupants with efficiency, versus kind of wading to the other side of worrying about how much the landlord may or may not be able to invest themselves.

So, it is -- it's been kind of a priority decision to get efficiency services to income-eligible customers, regardless of whether they own, whether they rent, whether they pay one utility bill or two utility bills, or, in some cases, the landlord may pay all utility bills, I would say that's probably becoming more rare over time.

There is an element that I forget to mention earlier as well. The CAP Agencies, when they're serving multi-family buildings, especially a lot of the large ones, do have the owners commit to keeping those units income-eligible for a certain period of time. And I can't recall the period of time off the top of my head, but it's something that we could check for you.

Q Okay. Would you guess that to be in the "multiple years" category, not --

A (Peters) Yes.

Q -- not months, but years?

A (Peters) Five to ten.

Q Okay.

A (Peters) But I really would have to double-check.

Q But something on that magnitude, that's fine.

A (Downes) I might just add that, when we talk about "landlords", at least in Unitil's experience, the landlord is often a nonprofit and/or a public house authority. And, so, we actually do quite a lot of work with the housing authorities in our Low-Income Program. And, so, these are public benefit organizations, that are technically "landlords", but the tenants are dependent on the low rent for their housing. And the public has a role in -- at least in the development of the facility in the first instance, if not in ongoing maintenance costs and sort of, you know, ongoing costs. Like, there is a public benefit there from taxpayers subsidizing or helping to make sure that that stays solvent.

And, having worked in affordable housing, I can tell you it is a very fine line between for affordable housing operators and developers to keep that -- to keep afloat, and keep in the red -- and keep it in the black, not the red.

Q Thank you. Is there any kind of stay-out period? So, you go into an apartment complex, and you spend $15,000 per, four, so you spend $60,000 in that particular apartment complex. Is there a stay-out period? Or, how long would you wait before going back into such a property?

A (Leménager) The aim of each project is to be comprehensive in nature. So, the goal is to address everything that we can at that residency, in order to minimize the disruption in their life, instead of having to plan multiple visits for multiple projects. But, once that project is completed, the goal is to have everything addressed, so there's no real need to come back in a subsequent year. And that was part of the reason why we recently changed the incentive than in prior years, to be able to better address projects comprehensively.

Another aspect of it is the cost for multiple projects. So, there is a large driver tied to actually organizing and getting a crew there and on-site for the day to be able to perform the work. So, by having a comprehensive project, getting it all done in one go, allows us to move on to the next project and address everything for that particular customer.

Q So, there's no stay-out period, but there is the intent of completing the project and not coming back for many years, because you've done all the work.

But there's no -- if they came back the next year and needed something, there would be nothing preventing them from making that request, or even getting it approved?

A (Leménager) The work that would be needed in a subsequent year would need to be cost-effective. So, it could not be something trivial or small that comes up. But it would have to be cost-effective and enough work to justify doing another project in, say, the next year.

Q Okay.

A (Chambers) I will also note that the federal programs that we partner with in the low-income space, we try to leverage that federal WAP dollars. They do have a stay-out period. And, so, the Agencies are aware of that. And, so, that tends to reinforce the stay-out. They really do try to address the building in whole, because they have that stay-out.

Q That's helpful. Do you make any attempt at sort of mirroring or being consistent with federal guidelines? Is there an effort to say "Well, the federal guidelines are five years, so we'll use five years"? Is there any discussion along those lines?

A (Chambers) I think that, in order to give the Agencies the most flexibility to serve buildings, whatever their need may be, we decided not to establish our own stay-out period, and have it potentially be conflicting.

Q Okay. And a final question on this topic is, is are there any limits on an amount an entity can use in a program?

So, I'm imagining there's some big landlords out there, owners of larger apartment complexes across the state, and they're ostensibly using this program. Is there any limit on what a particular entity or owner can receive in a certain year? Or is that not something that the Joint Utilities look at?

A (Peters) I don't believe we look at that, in terms of whether or not a building would be served. We're looking at the customer accounts for eligibility, rather than the ownership of the building.

As Ms. Downes noted, a lot of the large buildings that we serve in the income-eligible program are public housing-type buildings. Public housing authorities tend to own a lot of the large income-eligible housing complexes in the state. And we do frequent work with them.

Q Okay. Thank you. Yes, I'm thinking of, like, congregant care facilities, and things like that. And just trying to piece together how this works in my head.

A (Downes) I would just add that, for large dollar projects, or even just large projects, there's definitely conversation that goes on as to whether there's budget for it, whether we, you know, what the opportunity is at the place. There's definitely, like, more -- a heightened sense of pre-investigation of the project at the utility side. You know, and that, going back to your question about the limit in name only, the purpose of the $15,000 limit really is to kind of put the brakes on the Community Action Agencies and other vendors that we work with in this space, to say "We have a limit of $15,000. So, you -- you can go over it, but you're going to need to justify it to us. You're going to need to, you know, slow down and come to us and talk about it. Make sure that it's justified, that we have the budget, all of those things."

And, so, it is a limit, it's not a hard-and-fast rule. But it's definitely like a line in the sand, of like "Don't cross this unless you have a good reason, and you come talk to us first."

CHAIRMAN GOLDNER: Okay. Okay. That sounds like a very sensible rule.

Let's do this. I'll stop here. Would a fifteen-minute break be enough for everyone?

[Multiple parties indicating in the affirmative.]

CHAIRMAN GOLDNER: That would be okay. So, let's return at five of, and return with Commissioner Simpson's questions.

CMSR. SIMPSON: In order to most efficiently proceed, I would like to foreshadow my coming questions, so that the parties can think about them over the break, if that's okay?

CHAIRMAN GOLDNER: Absolutely.

CMSR. SIMPSON: So, for the parties and the witnesses, I'd like to talk about future program offerings. You can certainly look to the very first request that we issued for some basis of what I'd like to talk to you all about, hopefully, we can have some fun looking into the future.

I want to start with the attorneys, though, because that's even more fun. And I think you might have distinguished something that we're struggling with, and that's the difference between "program changes" and "Plan". And I'd like to discuss that with you, your understanding, for your clients, and ask why you need us to say that "we approve the Plan", in addition, or instead of "approving the program changes". So, we'll talk about that when we get back.

Thank you.

CHAIRMAN GOLDNER: Okay. We'll go off the record, return at five of.

(Recess taken at 10:43 a.m., and the hearing resumed at 11:00 a.m.)

CHAIRMAN GOLDNER: Okay. We're back on the record. We're going to resume with Commissioner Simpson's questions. We'll focus on the technical questions until lunch, and then we'll return with some of Commissioner Simpson's legal questions after lunch. But we'll leave everyone on the stand until right before close, to make sure that all the questions are answered before the witnesses are excused.

So, with that, I'll move to Commissioner Simpson.

CMSR. SIMPSON: Great. Thank you. So, we'll give the lawyers a little bit extra time. You know, we often need it. So, --

MR. CAMPBELL: Collective sigh.

CMSR. SIMPSON: So, we'll just focus on the future. That's more fun anyway, I think.

BY CMSR. SIMPSON:

Q I noted the very first question that was asked, and some of the topics that may be of interest for future plans. I'm interested in what you do in other states. I'm interested in your vision for the programs and program offerings in the future. Some of the items that I think are interesting, and that customers may have a desire to invest in, in their homes and businesses, include solar PV, solar thermal for water heating, battery storage, smart electric vehicle charging equipment, electric vehicles themselves.

You noted, in your response, that hybrid heating systems are included. So, that's great. Geothermal technology, I know that Eversource, in Massachusetts, you have a pilot in Framingham. I don't -- I'm not aware of overlap with your EE program there, but I know that that is a corporate pilot.

And I think, finally, the infrastructure behind the meter that's needed in order to implement some of these technologies. I know, from my own experience, through electrification, I had to upgrade my meter socket, my service panel, the service to my home, in order to reliably serve additional loads. And I can only imagine that that is a very common occurrence for customers. And I wondered, are those types of upgrades something that you might contemplate as including within a future program, as you look towards thermal electrification or transportation electrification?

So, you know, I'm all ears. I'm interested to hear your opinions, and what you think might be attractive for future development within these programs, and what isn't.

A (Chambers) You covered a lot of ground there.

I'll start by addressing the thermal and vehicle electrification. We're not currently explicitly incentivizing either of those things within these programs. It's something we've looked at.

Q Uh-huh.

A (Chambers) But it's not totally clear that that's the right fit for these programs at this time. So, we would not be covering the costs associated with what we call "pre-electrification barriers", which is all of the wiring upgrades that you mentioned.

Q Uh-huh. And you don't do that in other states?

A (Chambers) We do. In Massachusetts, we are covering those barriers. But it's very expensive. And, so, there are trade-offs there, --

Q Uh-huh.

A (Chambers) -- and considerations. So, that's the electrification piece.

I think the second part of your question was more about active demand response, --

Q Uh-huh.

A (Chambers) -- and expanding the types of devices and technologies that we're controlling. We're absolutely open to that, and we're always working with additional manufacturers to try to get more products into the programs.

One of the challenges with, in particular, the Residential Program, is the way that works is that we directly control the devices. Well, we don't, the manufacturer does. So, we have to have that relationship with the manufacturer. They have to agree to do that control on the device, and to have that integration with our dispatch system. So, that's been challenging to get for a lot of devices. But we're working on it.

Q Uh-huh.

A (Chambers) Did you have more questions? There was so much in there.

Q Yes. So, -- okay. So, it sounds like you're primarily referring to the EV charging equipment right now? Is that --

A (Chambers) So, for electric vehicles, --

Q Is that at the top of your mind?

A (Chambers) -- I can speak to what we do for electric vehicles in other states. So, we have programs to control the charging of both a charger that might exist at a residential or commercial building, and the car itself.

Q Uh-huh.

A (Chambers) We're testing out both models, trying to figure out which one works, what the regulatory considerations are for each. For example, when controlling the car, you don't necessary know where it's plugged in. So, they might be outside your service territory, they might be on a different distribution feeder than you thought you were targeting. So, there's a lot to consider when trying to control the car itself.

Q Uh-huh.

A (Chambers) Controlling the charger is much more straightforward. It has been quite successful in some of our other jurisdictions.

Q Are those -- and you offer an incentive in other jurisdictions for an EV charger that's Wi-Fi connected and --

A (Chambers) We don't offer incentives --
Q You don't?
A (Chambers) -- on the chargers themselves, because they're all Wi-Fi connected, and they're all, basically, identically efficient.
Q Okay.
A (Chambers) So, we just incentivize us controlling the charger.
Q So, the behavioral aspect?
A (Chambers) Correct.
Q So, hypothetically, this type of device would be most appropriately eligible in the Connected Solutions Program in the future?
A (Chambers) I think so, yes.
Q Okay. So, is that the type of incentive that you're offering other jurisdictions?
A (Chambers) Yes.
Q Active demand management of the equipment?
A (Chambers) Yes. One thing I will say is that, in Massachusetts, we did recently move our electric vehicle charging out of the Active Demand Connected Solutions Program, --
Q Uh-huh.
A (Chambers) -- and into a slightly different

program that's going to be run on the utility side of things, rather than under the energy efficiency umbrella. And one of the reasons for that is that we found that the charge patterns of electric vehicles don't align with the system peak hours that we're targeting under Connected Solutions. And, so, what I mean by that is, right now, the Connected Solutions Program is targeting the ISO peak hours, generally 2:00 to 8:00 p.m., --

Q Uh-huh.

A (Chambers) -- and really try to bring down loads during those hours, because we're targeting that capacity and that transmission build-out.

Electric vehicles, right now, are typically not plugged in, if at all, until at least 6:00 p.m. So, they weren't overlapping very well with the dispatch strategies that we had within Connected Solutions. So, we decided to move them over to a slightly different program, so that we can better target when we're dispatching, when we're controlling that charge, and better target individual feeders where we might be seeing an overload, because a neighborhood all decided to keep up with the Jones's and all got EVs, kind of thing. It gives us a little more flexibility there.

Q Okay.

A (Downes) I just want to add that the -- one of the fundamental factors of what we can look at in the future is bound by the requirement that we prioritize electricity savings, 65 percent of our first-year savings, to be precise. And, so, that -- we had, in our previous three-year plan, for the '21 to '23, we had proposed an Energy Optimization Pilot to investigate more the behaviors and what our role could be in adoption of heat pump technology. We scrapped that for this term, because we're not going to do an energy-switching from fossil fuel to electricity, which will raise the kWH on paper, and reduce the fossil fuels, because that runs completely counter to the legislative mandate, that we pursue electric savings.

Doesn't mean that electrification, as we're talking about, can't be beneficial to all customers to help spread out the usage of electricity, kind of reduce demand in summer, I'm sure you're familiar with all the potential benefits. But we really just can't do it under the current paradigm.

So, I think that also limits a lot of our other experimentation with new ideas that aren't part of our tried-and-true energy efficiency program structure, which is what this Plan represents.

Q Uh-huh. That's helpful understanding the barriers that exist. And, really, my interest comes from the tenet of market transformation, that I know has long been a basis for these programs, that I think is the ethos of the statutory requirement that stemmed from restructuring, that these programs are really intended to help transform the demand-side of the market.

And I look at some of the opportunities that exist, and just wonder how you've considered them, and maybe what might result in the future. So, this is helpful.

A (Peters) Could I just --

Q Please, Ms. Peters.

A (Peters) I'm sorry, just one addition. That, as

Ms. Downes was just noting, a state policy objective in Massachusetts is the reduction of greenhouse gas emissions, which just frames the universe of things that we should be looking at for program design differently.

Q Uh-huh.

A (Peters) And, so, it kind of opens up a lot of this "electrification" discussion in a different way. You mentioned also the "geothermal", --

Q Uh-huh.

A (Peters) -- the network geothermal that Eversource is doing in Framingham. That is actually a pilot of our gas company in Framingham. And, so, it's a look at kind of utilizing the knowledge and the ability of the gas company to provide a different source of heating and cooling for those customers. It's pretty exciting. It's just getting off the ground. They're in process now.

I think National Grid is also doing some pilots on network geothermal in Massachusetts. So, that may be something that expands. We're really excited to see kind of how the customers utilize it, and kind of what the numeric returns on that are. But I think there's a lot of potential, for especially certain particular geographic areas where it may make sense.

We do some geothermal here in New Hampshire with the New Construction offerings. So, a new construction building could utilize geothermal as part of their design in our New Hampshire programs. But the "geographic networked" approach, that is really like a mini-utility system, is something that we're trialing there in Framingham.

Q Thank you. You know, let's talk about solar PV. My understanding is that that isn't a measure that is generally part of energy efficiency program offerings nationally, and correct me if I'm wrong on that. When I think about solar PV, I think about it as load reduction, that you're reducing your load behind the meter. So, I raise that point. you know, how have you thought about that in the past?

Perhaps that technology stand-alone, does that compare differently to that technology paired with behind-the-meter battery storage as

an integrated system? How do you think about solar PV?
A (Chambers) I think you hit the nail on the head when you said that "nationally, solar has not been considered an energy efficiency measure."
You're right, that it certainly can act as a behind-the-meter load reducer, depending on the load profile of the customer's home, and how the solar is coincident with that.
One challenge you'll run into, again, is it's very expensive. You know, and pairing it with batteries, in particular, is very hard to make a cost-effectiveness case for.
That said, you know, we are aware of some program administrators who are piloting that among, in particular, lower income households, who may not be able to take advantage of the federal tax credits for solar as beneficial of an investment for them without that 35 percent tax credit. So, people are testing it, and we are certainly watching that closely, to see if or whether there's a fit in the programs going forward.
Q Do you know where that's being tested?

A (Chambers) The Cape Light Compact in Massachusetts.

[Court reporter interruption.]

A (Chambers) The Cape Light Compact.

Q Okay. And what about behind-the-meter battery storage?

A (Chambers) So, that, again, very expensive to pay for up front, but we are offering incentives for participation within the Connected Solutions Program. Which helps -- it's part of a value stack that customers are using to justify that investment.

A (Downes) So, we keep hearing money.

Q Uh-huh. Yes.

A (Downes) We have finite budgets, obviously.

Q Sure.

A (Downes) And, so, that's definitely a consideration. I don't think that, in the past, it's -- you know, we haven't paid a whole lot of attention to PV in the energy efficiency space, because it's been presumed, and that the other stakeholders that work with us to help develop plans and come up with new ideas, PV has been considered, rightly or wrongly, to be kind of "off the table" for EE.

Q Uh-huh.

A (Downes) So, I think that there would have to be some significant signaling that that wasn't "off the table", if that were the case.

CMSR. SIMPSON: Okay. And, if any of the parties in the room care to address that in closing, I would appreciate hearing from them on that particular topic. As well as any of the other things that we discussed, like behind-the-meter battery storage or EV, smart EV charging, telematics that Ms. Chambers mentioned in her comments.

BY THE WITNESS:

A (Peters) I have -- sorry to interrupt.

BY CMSR. SIMPSON:

Q No.

A (Peters) Just one more note on battery storage, in the interest of being aware of pilots.

Q Uh-huh.

A (Peters) Generac, the battery company, recently was awarded a federal DOE grant that we partnered with them on in Massachusetts. And, so, with that grant funding from the Department of Energy, we will be working with them to install battery systems in income-eligible homes that are also installing heat pump heating. And, so, that's going to look at both kind of the delivery and operational aspects of installing batteries in income-eligible homes, and then the kind of ability to coordinate that battery with the electrified heating use.

So, there will be some learnings, I think. A lot of -- a lot of thinking about how do these -- how do these pieces all integrate together as they're coming onto the market in I think the next few years, as different pilots, like the ones that have been mentioned, happen, we'll probably have more understanding of what's going to be viable, what's going to be cost-effective, and how some of the delivery models might work.

CMSR. SIMPSON: Okay. I guess that's all I have for the future. Appreciate the comments by the witnesses. And, you know, look forward to continued insight into market transformation activities as we progress into the years of this Plan, and subsequent plans as well.

Thank you.

CHAIRMAN GOLDNER: Thank you. We'll move to Commissioner Chattopadhyay.

CMSR. CHATTOPADHYAY: It's still "good morning."

I think we spent a lot of energy last week, and we are doing it right now. And I think it ended up helping that we took a break, for both the witnesses and for us to think about it a little bit more.

For efficiency sake, I'll have -- I won't have too many questions, by I still want to have some clarification.

So, before I go there, though, I would also add to the discussion about future, you know, the importance of demand response, and having the ability of real price responsiveness. And that becomes extremely important for a place like New England, given the reliance on gas. And the way I look at it is, in winters, that can play an important role. And I don't where --

[Mobile phone interruption.]

CMSR. CHATTOPADHYAY: I really don't know where that intersects necessarily with the considerations here, energy efficiency. But future can be exciting. And, so, I just wanted to mention that.

BY CMSR. CHATTOPADHYAY:

Q So, going back to, and I'll go back to the mundane stuff, which is the BC modeling, okay. So, you had all gone back and did these, the analysis on the discount rates.

Especially for the one that we had asked for, can you tell me whether, for the different utilities, the overall BC remained above 1.0?

A (Stanley) I can speak for Liberty's analysis.

Q Okay.

A (Stanley) And, so, for the matching of Q2 values that was referenced last week, --

Q Yes.

A (Stanley) -- for Granite State Electric, the portfolio benefit-cost ratio would change to 1.68 versus the 2.05 that was filed in the Plan.

Q Okay.

A (Stanley) And, on the -- and, for the EnergyNorth Natural Gas, the June 30th filing had a portfolio benefit-cost ratio of 1.88, if we applied the Q2 values referenced, the portfolio BC would change to 1.49.

Q Okay.

A (Stanley) And, for -- in both utilities, for Granite State Electric, we had one program that would fall below 1.0, in terms of the benefit-cost ratio, which is our Municipal Program, the benefit-cost ratio would change to 0.99, so just below 1.0.

And, on the Natural Gas side, we had one program as well that would fall below 1.0, it would be our Home Performance Program, and it's benefit-cost ratio would be 0.94.

Q Okay. How about Eversource? And, again, I appreciate the response. But I'm interested in the overall BC ratio. So, if you can speak to that?

A (Chambers) For Eversource, --

A (Downes) Sorry. Sorry, go ahead.

A (Chambers) For Eversource, applying that, our portfolio does remain above 1.0.

Q Okay.

A (Downes) And, as for Unitil, at the portfolio level, we do have some programs that fall below

1.0.

Q Yes. But, where the overall number was, how much did it move? So, can you -- do you have it handy in front of you?

A *[Witness Chambers indicating in the negative.]*

Q You don't? Then, how about Ms. Downes?

A (Downes) I'm afraid I don't have the as-filed version, but the -- which, I mean, it's available, but it's not in front of me. The portfolio for Northern, over the term, is 1.45.

Q Okay.

A (Chambers) I apologize. I can get it for you. I just can't put my fingers on the right model.

Q Would you agree that it would be sort of, in percentage terms, somewhere similar to what's going on with Liberty?

A (Chambers) Yes.

A (Downes) Yes.

Q Okay. There was a mention of the "TRC costs". Do you agree that TRC costs are eventually paid by the ratepayers?

A (Downes) No -- yes and no. It depends what you mean. So, it's paid by the participants, who happen to be ratepayers, but --

Q Let me put it differently. Part of it is participants' costs, directly, so they're private costs?
A (Downes) Correct.
Q The rest of it is paid by the ratepayers ultimately, right?
A (Chambers) The program costs are paid --
Q I'm saying, the costs that are reflected in TRC, there are two pieces to it. One that comes through the utility bills, the other that comes through the participants directly paying for it, roughly. And I'm not trying to be 100 percent precise, but that's what it is?
A (Chambers) No, that's exactly what's happening.
Q Okay.
A (Chambers) But the program posts are paid by ratepayers, regardless of what cost test you're using.
Q So, I -- I know. I'm just trying, because it was mentioned, the TRC, is the utilities are paying it. Ultimately, the ratepayers pay that?
A (Leménager) The program costs.
Q Yes.
A (Leménager) Yes, I think that's the distinction,

is the program costs.

Q Yes. Sorry. That's what I meant. Okay.

A (Downes) Though, it's important to note that the SBC, on the electric side, is the System Benefits Charge. But we also have forward capacity market revenues, which I suppose ultimately are also ratepayers.

Q Correct.

A (Downes) As well as interest revenues that we talked about earlier, --

Q Yes.

A (Downes) -- as well as Regional Greenhouse Gas Initiative, which, again, is also ratepayers, but it's a slightly different flavor of ratepayer.

Q Understood. But they are ratepayers, okay. You had a discussion about the cumulative, as opposed to going for specific measures, when you were talking about incentives. You mentioned that, you know, cumulative, when you took a look at it. Did you compare what the situation was for 2022, when you look across the different utilities?

A (Downes) In terms of the reports?

Q Yes.

A (Downes) No.

Q You didn't. Okay. I'm just asking. When the SBC rates are being set for 2024, '25, '26, they are being adjusted from the rates that were in place in 2023 using some sort of inflation, correct?
A (Leménager) Correct.
Q But they are sort of placeholders, because it will ultimately depend on what you again calculate the inflation rate based on the statute?
A (Leménager) On December 1st, annually, we will file updated SBC rates, yes.
Q So, right now, the nukes that are baked in for the SBC rate, do you have the inflation rates that were used for 2000 -- that was applied for 2024 SBC rate, and 2025, 2026?
A (Downes) We have -- we had to come up with a budget. So, yes, we made some assumptions about what those are, recognizing that they will have to be adjusted when the time comes. And we do that in conjunction with our colleagues at the Department of Energy, who are ultimately the sort of sign-off on the number that is arrived at.
Q Yes. Thank you. So, right now, I'm looking at

the information, I'm just trying to make sure. So, in 2023, the SBC rate was 0.55 cents, correct?

A (Leménager) Subject to check.

Q Okay. Can you check for 2024 what it is? If you can, that will be helpful.

A (Downes) It might easier to do that after a break, you know, to come back with the information after lunch, just because we don't want to get it wrong. We all are consistent in what rate we use, but we want to make sure that we're looking at the right --

A (Leménager) My understanding is the proposed rates are to set the budget that we're asking for approval for. But the actual rates that will be in effect will be proposed on December 1st.

Q Correct. I understand. I'm just saying, what's being used for the modeling, did you have, for 2024, 0.577; for 2025, 0.603; and, for 2026, 0.619?

A (Leménager) I can confirm that. Yes, 2024 is 0.577; 2025, 0.603; and 2026, 0.6 --

[Court reporter interruption.]

CONTINUED BY THE WITNESS:

A (Leménager) -- the 2026 is the -- 0.619 is the EE portion of the SBC rate.

BY CMSR. CHATTOPADHYAY:

Q And these numbers are calculated based on your estimate of the inflation rate, correct?

A (Leménager) Correct. And it's based on a three-year average of the CPI-W.

Q So, subject to check, from 2023 to 2024, it went from 0.55 to 0.577. The increase is 4.91 percent. I'm just stating it, subject to check. For the next year, it's 4.51 percent. And, for 2026, it's 2.65 percent. Okay?

A *[Witness Leménager indicating in the affirmative]*.

Q Okay. So, those are -- the SBC actually helps you also determine what's there in the costs, correct, in the modeling?

And, Mr. Stanley, you can -- and, for this, I just need one of you to look at it, because it's a very general question. So, they appear in the costs, correct?

A (Stanley) Correct. The rates determine the budgets.

Q So, those inflation rates are accounted for. I

know it's still a placeholder, but it's there, in the modeling?
A (Stanley) Correct. The inflation rates you cited determine the adjustments that were applied to the rates for 2024, '25, and '26.
Q And can you tell me then, when you discount, for example, 2026, the discount rate is what, the prime rate, or is it the --
A (Chambers) When we discount program budgets?
Q When -- yes.
A (Chambers) In order to --
Q In order to get the BC ratios?
A (Chambers) Correct. Yes, yes, yes. Yes. It's the prime rate.
Q And what was the prime rate? In the modeling, it was?
A (Chambers) 8.25.
Q Okay. 8.25 percent, okay. And I'm trying to keep my questions very general, but let's -- it will help to go into the BC models. And it doesn't matter, let's do it with Mr. Stanley, so he can take a look at the Liberty's BC models.
A (Stanley) Liberty Gas or Liberty Electric?
Q Liberty Electric. And this is just a very

general question, I'm trying to understand it. And, so, we are talking about electricity here, okay?

So, if you go to the tab "Calculations Year 1", and we could have done this for other years, too, but I'm just using that. If you recall, we had a discussion about, you know, the benefits goes to the participants or nonparticipants, and we, you know, we -- there was some discussion about the avoided energy cost benefits, okay? And I think the answer was, it's all -- those go to participants?

A (Stanley) Correct.

Q Okay. So, that would be showing up in Row BH, correct? This is --

A (Stanley) And Row BH being "Total Avoided Energy Benefits".

Q So, that is -- that is what we are talking about, right?

A (Stanley) Yes.

Q Okay. And, then, there is -- let's go to Row BW -- sorry, Column BW, says "Total Electric Capacity Benefits", correct?

A (Stanley) Correct. That's Column BW, "Total

Electric Capacity Benefits".

Q And they go to both participants and nonparticipants?

A (Stanley) Correct.

Q And, then, you know, let's go to the block which starts with -- just a moment, I want to make sure. And I think there was some discussion about trying -- that is all, again, both participants and nonparticipants.

Then, let's go to the block that starts with Row CP, or more like CQ, okay? And you have categories there that begin with "Fuel Oil Residential Distillate", fuel oil, commercial fuel, I'm guessing, "Fuel Oil Industrial", "Oil DRIPE", "Kerosene", "Propane", "Cordwood", "Pellet Wood", "Res. Water", "C&I Water". So, what I'm trying to capture there -- or, what benefits are we capturing there?

A (Stanley) These are all examples of non-electric resource benefits. So, they're not related to the electric distribution system.

Q But these benefits happen because of, you know, the energy efficiency being put in place, right?

A (Stanley) Correct. Primarily, as in the --

implied by some of the titles referenced, they're measures where we're potentially reducing heating oil, propane, any type of delivered fuel, that's not -- or, wood usage, water usage, services that are not being provided by the electric utility.

Q And, so, these benefits are, again, going predominantly to participants, because they are the ones who are benefiting from the oil-switching and things like that, would you agree?

A (Stanley) Predominantly, one of the categories, Column CT, "Oil DRIPE", so that would be --

Q So, let me go there. Sorry. CT, go ahead.

A (Stanley) Yes. Column CT is titled "Oil DRIPE".

Q Yes.

A (Stanley) Or, "Demand Reduction Induced Price Effect", so that will be, outside of correction from panel colleagues, an example of a benefit that would be to all -- all ratepayers, not just the direct participant.

Q Okay. But the rest of them would be to the direct participants?

A (Stanley) Correct.

Q Okay. And, then, just to make sure I'm following this, for the purpose of the Granite State Test, what we are really looking at is, for any cell in that column, Column DL, do you -- first of all, I'm in the right place, right, to capture the Granite State Test? So, it's Column DL?

A (Stanley) Yes. Correct, which is the "Total Benefits Granite State Test".

Q So, just to make sure I'm following this, so that is essentially, if I choose any row, for that particular row, I'll have to go to DB, okay? Plus, I will add DA, and I would add BX. And, then, I would add the piece that is coming from the weatherization associated with the low-income piece. So, that would be always DB 113 or so. I'm just trying to confirm that's what's going on. Would you agree?

A (Stanley) Yes. I think the formula -- the Granite State Test --

Q Yes.

A (Stanley) -- computation in Column DL, for the HEA Program, --

Q Yes.

A (Stanley) -- is different, compared to the other non-HEA programs, because it's excluding the HEI adder benefits. So, just keep that in mind.

And I have to say, I thought, when you were stating the formula explanation, it looked like, when you stated "DE, plus DA plus BX", I believe, that was column -- is that column -- I think that was actually the formula on Column DK, the "Total Benefits".

Q Yes. I think I mentioned "DD", DD, BX, and DA, plus that additional piece for the low-income weatherization?

A (Stanley) Correct.

Q And that is what it is?

A (Stanley) Yes.

CMSR. CHATTOPADHYAY: Okay. I just wanted to make sure I follow it.

Thank you very -- sorry. Thank you very much. That's all I have.

CHAIRMAN GOLDNER: Okay -- whoops. Okay. At this point, what I'd like to do is, Mr. Campbell and Mr. Sheehan are awaiting some documents from the Commission today. So, the Commission needs to take care of a couple of things at lunch.

What I'd like to do is return at 12:30.

And, at that point, we can pick up with the tidy-up up on any technical questions, move to some legal questions, and then move immediately to close.

We'd like the witnesses to stay on the stand until right before close. So, if you could return to your current positions after the break, that would be great.

So, anything before we go? Any comments?

[No verbal response.]

CHAIRMAN GOLDNER: Okay. Well, let's take a break here, returning at 12:30. Off the record.

(Lunch recess taken at 11:40 a.m., and the hearing resumed at 12:37 p.m.)

CHAIRMAN GOLDNER: Okay. I just had a couple of tidy-up questions from the first round. I'd ask the witnesses to follow up on a couple of things. And, so, we'll knock those out, and then move to Commissioner Simpson.

So, just a moment.

BY CHAIRMAN GOLDNER:

Q Okay. I think one of the questions, I'm not sure if we answered it or not, and, if we did already, that's great. And the question was on "low-income lighting". And I think the answer was "There's no bulb program, but there is" -- can you remind me what your answer was?

A (Stanley) Yes. There's fixture replacements that could still occur.

Q Okay. Okay. And what would that -- that would be set, I think, in like a central area, something like that?

A (Stanley) Correct.

Q Okay. Thank you.

A (Chambers) I would also like to clarify, I found over the break, that New Hampshire Electric Co-op is offering lighting inside their Home Performance Program.

Q Home Performance, okay. Thank you for the clarification.

And, then, I think -- I think there was also a question relative to the $406 value of it being ever explicitly approved by the Commission or another authority. Was there a follow-up on that?

A (Downes) Yes. Yes, we were able to find some information.

So, the development of the non-energy impacts for the income-eligible program, under the Granite State Test, was delegated to the BC Working Group in Commission Order 26,322. So, studies pertaining to the NEIs were then reviewed subsequently -- subsequent to that by the BC Working Group, working in coordination with the EM&V Working Group, and included in Plans that subsequently approved by the Commission, including in the 2022 and 2023 Plan.

A (Leménager) And, then, details on the calculation of the $406 NEI amount are included on the Commission's website. There's the "Evaluation" -- the "Monitoring/Evaluation Report" page. Item Number 150 on that page, 1-5-0, has the HEA Report that was done and published on July 29th, 2020. And Page 52 of that report contains the breakdown to arrive at the $406.

Q Okay. And I'm not looking at it right now. What are top two or three items on there that compose the 406?

A (Leménager) "Increased comfort" and "Decreased noise".

Q Okay. And those are half the value, or something?

A (Leménager) Approximately, I'd say 90 to 95 percent of the value.

CHAIRMAN GOLDNER: Okay, of the value. Okay. Thank you. That's very helpful.

Okay. Perfect. Well, thank you for the follow-up on the break. I appreciate that.

Okay. Let's move next to Commissioner Simpson.

CMSR. SIMPSON: Okay. Thank you.

So, now, I'll turn to the attorneys, the question stemming from the reference to "program changes" and "Plan" in the statute.

How do you see it? I know we've talked about it some, but it's still, I think, somewhat unclear. And could you address what you need from us, with respect to approval, and explain why?

MS. CHIAVARA: I will give it my best.

So, what the utilities have proposed are changes to program offerings. However, those changes to program offerings cannot take place in isolation. They would just be disembodied changes, with nothing to function in. So, we are asking for the Commission's review, analysis, and approval of those changes to program offerings, but within the full context of a complete Plan.

Because, without approving the full Plan, approval of the changes to program offerings would have -- it would be an unworkable solution, and it would have, basically, no meaning.

And I would refer to RSA 374-F:3, VI-a(d)(5), where it says -- it speaks to the utilities filing "changes to program offerings", and the Commission approving those program offerings. About two sentences later, it says "If the Commission fails to issue an order on either a three-year plan or interim program update during the year in which a petition is filed, the proposed alterations to programs and budgets [should] be deemed approved except for changes in performance incentives and recovery of lost base revenues."

So, it does refer to that the Commission ultimately approves a three-year plan.

So, I think the changes to program offerings is what gets proposed, proposed to the Commission for review, analysis, and approval. But what ultimately gets approved is those changes within the complete Plan context.

CMSR. SIMPSON: And could you further describe what's in the Plan, but not a program change?

MS. CHIAVARA: What is in the Plan? I would say, "what's in the Plan, but not a program change?", meaning "What's part of the larger framework?"

CMSR. SIMPSON: I'm just trying to further distinguish for the Commission the difference between "program change" and "Plan".

MS. CHIAVARA: I would say those "program changes" are the things that we've highlighted, I believe, in the Petition, and in the -- in the Stipulation as well.

CMSR. SIMPSON: Uh-huh.

MS. CHIAVARA: So, the things like the creation of a dedicated Gas Municipal Program, instead of funding -- this was a Liberty program, instead of funding gas municipal projects through their C&I program offerings; the conversion of the ADR pilots into full programs.

CMSR. SIMPSON: Uh-huh.

MS. CHIAVARA: Those are the programmatic changes that we're referring to.

CMSR. SIMPSON: Sure.

MS. CHIAVARA: Things like the Performance Incentive framework, things like the LBR framework. Yes, budgets. Thank you. The budgets, just -- I mean, just all of the other Plan components are larger structural components --

CMSR. SIMPSON: Uh-huh.

MS. CHIAVARA: -- of the Plan, and not program changes.

CMSR. SIMPSON: Okay. Any of the other attorneys want to comment?

MR. SHEEHAN: I think she has it right. That the -- for lack of a better number, five percent of the Plan is different, or two percent, whatever it looks likes, all the rest is the same. It just reflects, the extent numbers change, they flow through all the various components. But most of what's in front of you is unchanged, and should be approved with the programmatic changes that you referenced specifically.

CMSR. SIMPSON: Okay. Would any other attorneys like to opine on this question?

MR. KREIS: The Consumer Advocate wouldn't mind an opportunity to opine.

CMSR. SIMPSON: I'll recognize the Consumer Advocate.

MR. KREIS: Thank you, Commissioner Simpson.

As you know, having been in the room where it happens, this is a -- this was the result of a sausage-making process that is -- but distinct to the State House here in Concord. And having been -- I'm not the author of House Bill 549, but I was "in the vicinity" when House Bill 549, in the form in which it was enacted came together. And I have to say, it's not the statute I would have put in the books. There was a -- in a parallel universe, the version of the statute that I drafted, which would have created a free-standing section of your enabling statute, would be in the book, and would make your task much more easy, because there would be defined terms, and very clear -- a very clear articulation about what's within your discretion and what isn't. But that's not the universe we live in.

In this universe, I think that the Legislature took what I have to characterize as a "simplistic" approach on this, and I don't mean that in the pejorative sense. I mean simply that I think what the Legislature is saying to you is that you take the Plan -- the energy efficiency programs that are being delivered under the current Triennial Plan, and you apply the changes to those programs proposed by the utilities, and that equals the next Triennial Plan. I really think the Legislature saw those two things as identical.

And what the Legislature doesn't want the PUC to do is tinker with a cost-benefit test; it told you to use the Granite State Test. And, by the way, I've explained in writing what I think the significance of the phrase "primary test" is, and I'm not going to go through that here, because I'm just going to assume that you've read that, and it's a bit tedious. But, for all practical purposes, the "primary test" is the test. And, so, the Legislature is saying "Don't mess with all of those other things that inform what is in the NHSaves programs, just look at what's different, what would be different under the new Triennium, and consider those changes. And, if they're fine, then old Plan, plus changes, equals new Plan."

That's the most straightforward way I can render it.

CMSR. SIMPSON: Thank you. I appreciate that.

CHAIRMAN GOLDNER: Can I just add, Commissioner Simpson, just responding to Attorney Kreis?

Attorney Kreis, I just want to make sure, I've got your brief in front of me, and I just want to make sure that I understand what you're saying.

So, you say in your brief "But, by its terms, subparagraph (5) limits the scope of the Commission's review to "approving or denying a joint utility request to alter program offerings", in quotes, "from those currently made available via NHSaves."

And, then, it goes on to say "review "changes to program offerings," as between those currently available and those included in the proposed Triennial Plan, and nothing else."

Can you elaborate a little bit on what you meant there, and how that relates to what you just said?

I think they're consistent, but I just want to give you an opportunity to comment.

MR. KREIS: I was trying to, basically, give you a different version of what you just read.

But I'm listening to your responses to this situation that you're in, this legal situation that you're in. And I'm hearing you all say, just to read it back to you, that "there might be something bigger than program changes that is part of the Plan that you're being asked to approve." And I guess I don't really think there is.

And a lot of the colloquy that we've had today with you relates, I think, to things that we might usefully talk about in some future forum, either here or over at the State House, because some of the issues that we've been hashing out really would require, I think, legislation.

And I don't mean to suggest that we shouldn't have those conversations, either here or there. I just think your task here, today, is very simple and straightforward.

CHAIRMAN GOLDNER: Yes. I mean, for me, it keys on "alter program offerings", as you said, like what does that mean, "alter", then the word "program", then the word "offerings"? And one could interpret those different ways, which is why I think we've had a lot of questions today.

So, I just wanted to share back your brief, and see if you wanted to make any further comment?

MR. KREIS: Only that, I think, ultimately, it won't be helpful. And, you know, this veers into how one approaches this cool task that we all get to do from time to time of statutory construction. I mean, you could take each of those words that you just rattled off, and really gnaw at what each of those words meant.

But I think the better approach is to, basically, look at the statute as a whole, get a sense of what the Legislature was really trying to accomplish. Remember, for good or ill, what the Legislature was doing was responding to the Commission's order issued on November 12th of 2021, which the Legislature wanted to override to a significant degree. And, so, that I think is what the Legislature is intending here.

CHAIRMAN GOLDNER: Thank you, Attorney Kreis. Commissioner Simpson.

CMSR. SIMPSON: I just wanted to see if there were any other party attorneys that wanted to opine on this question?

Attorney Dexter.

MR. DEXTER: My instinct is to remain quiet, but I'm going to weigh in.

So, I'm looking at --

CMSR. SIMPSON: I can relate.

MR. DEXTER: I'm looking at the same Subsection (5) that the other attorneys have mentioned. And I want to point out that the very first sentence, or I guess the subtitle of Section (5), is "Subsequent plan and update filings." It uses the word "plan".

And the second to the last sentence in Subsection (5) says "The joint utilities shall present a joint energy efficiency plan to the commission for review and approval no less frequently than every 3 years."

And, then, in between those two sentences, the term "3-year plan" comes up maybe five more times.

Also, in Subsection (5), is the first full sentence that says "On July 1st, 2023, the joint utilities shall petition the commission to approve "changes to program offerings" for the next 3-year period, consistent with the system benefits charge and local distribution adjustment charges described in paragraph (2)."

I think that's a completely accurate statement, and that's what the utilities are here for. But nowhere does it say that that's the only thing that the utilities are here for. And I would suggest that that would be a very narrow reading of the statute, to say that that's the only thing before the Commission today.

And we actually touched upon this in our brief. One of the questions that the Commission asked was "Could there be changes proposed to the lost base revenue or the performance incentive mechanisms in this docket?" And the Department's view was that "yes, they could", because you're reviewing a three-year plan.

And, if you go into one of the subsequent sentences, sort of in the middle of Subparagraph (5), it talks about what happens if the Commission denies the three-year plan. And one of things that happens is that -- is that you'd have to review performance incentives and lost base revenues separately. So, to me, that means that lost base revenues and performance incentives are part of the three-year plan, which is -- which we believe is before the Commission today.

I think Attorney Chiavara mentioned other parts of a plan that are different from "changes to program offerings", including the actual budgets, including the environmental -- I mean, the EM&V studies and budget that's proposed.

There are, in fact, changes to performance incentives, although not a significant change to the performance incentive structure. You outlined this morning a couple of changes to the -- that the utilities are requesting. If we were limited to just reviewing "changes to program offerings", there would be no place for changes to the performance incentives that were set forth in the Plan.

So, I guess I'm agreeing with the other two attorneys, that a wider approach to Subparagraph (5) is appropriate. I think it makes sense, and I think it's completely consistent with the paragraph read as a whole.

If there was some sort of a distinction trying to be drawn between this July 1st, 2023, Plan, which could be limited to program offerings, versus the subsequent three-year plans, I don't see that in the statute. I don't think that was a distinction that was intended to be made. I believe the first full sentence simply refers to the fact that, because the Legislature had changed, reduced, capped, whatever you want to call it, the funding, therefore, there would have to be program changes consistent with that. I believe that's the meaning of the first sentence. And, then, the rest of the paragraph should be read to accommodate "review and approval of the three-year Plan", including all the elements that I just mentioned.

CMSR. SIMPSON: Thank you, Attorney Dexter. Anyone else that would like to address this?

Attorney Hatfield.

MS. HATFIELD: Thank you very much, Commissioner Simpson.

I agree with my colleagues, but I also I don't want to tread into closings, but I think we're kind of going there. I do also need to note that, because the parties have filed a Joint Stipulation, there are no facts at issue in this case. And, under the Commission's own rule, Puc Rule 203.20(d), it states that "If a stipulation is filed and is not contested by any party, the stipulation shall bind the Commission as to the facts in question, and the Commission shall consider the stipulation as evidence in the decision of the matter."

I just want to make sure that was top-of-mind for everyone in this instance.

Thank you.

CMSR. SIMPSON: Thank you. Anyone -- oh.

CHAIRMAN GOLDNER: I just would like to add.

So, maybe I'll direct this at Attorney Dexter. So, one place of confusion, at least for some, is the use of the little "p" for "plan", instead of big "P" for "Plan". So, a capital "P" in the "Plan" would have been, I think, a clear singular Plan, an entity, a singular entity. But you can read these paragraphs in many different ways, and I think we're hearing some different ways it can be read.

But I don't -- it's hard to understand the legislative intent when using a small "p". Can you -- can you help me with that?

MR. DEXTER: I don't think so, because

I don't see a capital "P" used anywhere, and in which case there might be an attempt to distinguish a capital "P" "Plan" from a small "p" "plan".

But, in my looking at this statute, I only see lower case "plan". So, I wouldn't place any emphasis on that, unless I'm missing something.

CHAIRMAN GOLDNER: Okay. No, that's helpful. I'm just trying to understand what was meant by a small "p" "plan".

Yes, Attorney Hatfield.

MS. HATFIELD: Thank you, Chairman Goldner.

There may be some in the room, or likely there is someone in this room with more experience on this than me. But, generally, as Attorney Dexter just pointed out, the use of capital letters is quite limited in the New Hampshire RSAs. So, if you look at even words like "state" and "federal", those aren't capitalized. So, using capital letters is quite rare, and I think reserved only for very specific instances.

Thank you.

CHAIRMAN GOLDNER: Yes. And it is -- it's puzzling, because, in a few lines below that, it does capitalize "Evaluation, Measurement, and Verification", which, of course, can be used as an acronym as well. It capitalizes "Total Resource Cost", "Granite State Test".

I mean, you're right that it's not used everywhere, but it is used in some instances. And I would think that the "Plan" would be maybe the most important of the instances in which clarity would have been helpful.

So, that was where I was puzzled, Attorney Hatfield. But I appreciate that. You're right, it's not used with much frequency.

MR. KREIS: You know, sorry to interrupt, Mr. Chairman, but, if you look up at Subparagraph (4) of the statute, there's a phrase there "Evaluation, Measurement, and Valuation", I think that's flat-out a mistake.

So, again, my caution or my suggestion would be not to attribute too much significance to any individual word in this statute. It was drafted very quickly.

When I said earlier that "I wished that we had a statute here that had really clearly defined terms in it", this is what I'm talking about. And, so, I get queazy or worried when we all start kind of going down these rabbit holes of what these individual words and phrases in this statute means.

I mean, this was not drafted by Louie Brandeis, I assure you.

CHAIRMAN GOLDNER: That's disappointing.

[Laughter.]

CHAIRMAN GOLDNER: Thank you, Attorney Kreis.

Anything else, Commissioner Simpson?

CMSR. SIMPSON: No. Nothing further.

CHAIRMAN GOLDNER: Anything else, before we move to closing?

Attorney Krakoff.

MR. KRAKOFF: Yes.

I would just like to say that I largely agree with the other attorneys that have already spoken. CLF's position has largely already been stated in the briefs we filed and submitted to the Commission.

But just one thing I'd like to note about Subsection (5) of that paragraph, which I believe Attorney Dexter already singled out, was that it states that "If the commission fails to issue an order on either a 3-year plan or an interim program update during the year in which a petition is filed, the proposed alterations to programs and budgets shall be deemed approved". And, then, it goes on to state "If the commission denies a 3-year plan or interim program update, the most recent 3-year plan, as updated, shall remain in effect until the commission approves proposed changes to that plan".

So, I mean, I read that to basically mean that, you know, the -- you know, what it says. If the -- if those changes are not approved, we basically go back to the default existing plan, and that we can't, you know, the Commission cannot make changes to the "existing plan".

But, that being said, I would like also to note that, pursuant to the utility filings, and the Stipulation filed by most of the parties, the Plan is a full package. The parties are really seeking approval of this full package, which includes those program updates, which have been discussed today and last week.

Thank you.

CHAIRMAN GOLDNER: Thank you, Attorney Krakoff.

So, at this juncture, let's move to closing. Attorney Dexter, if this would be a good time, you can lead off please.

MR. DEXTER: Thank you, Mr. Chairman.

I'd start by saying that the Department supports approval of the three-year Plan that was filed by the utilities in July, and corrected on September 11th, and then subject to a couple of minor corrections that we've heard about during the course of the hearing.

Our primary objective in this docket was to review the Plan and look for its compliance with HB 549, which we've just been discussing. The focus on HB 549, we believe, was appropriate. We understand that HB 549 was passed to restore stability and continuity to the energy efficiency field, and we also focused on it, because it laid out many parameters and requirements for a three-year plan.

Without listing all the elements of HB 549, the most significant, in the view of the Department, was the fact that the SBC rates and the LDAC rates would be set by formula. And, by setting those by formula, that, by extension, set the budget maximums by formula, which, as you know, was an area of significant concern for the Department -- for the PUC Staff at the time, several years ago, in the last -- in the last docket.

HB 549 established a three-year planning framework. HB 549 established the Granite State Test as the test to be used for benefit-cost analysis. HB 549 established that EM&V costs would be capped at 5 percent.

With respect to the benefit-cost test, there's been a lot of talk during the hearings about the Granite State Test, and we addressed this to a significant degree in our prehearing brief. The Granite State Test was embodied by the Legislature in HB 549. And the Granite State

Test, it's not like you can go to the encyclopedia or a phone book and see what the Granite State Test is, because the Granite State Test is unique to the programs that are before you. It's unique to New Hampshire and unique to the utilities that were here.

It was developed, as Attorney Kreis said a couple of days ago, in this very room, as a result of a one-year long Working Group process, that culminated in the Commission adopting the test in Order 26,322. And there's an appendix attached to 26,322, Appendix 1, which is a chart of all the impacts that can be counted in the Granite State Test. So, they're all listed right there. That was all available to the Legislature when they adopted the Granite State Test.

So, it's the view of the Department that that is the test, and without legislative change, no additional impacts can be added, and none can be subtracted.

There were -- there is a question of "updates", and it's the view of the Department that values in the Granite State Test can be updated for the passage of time, like the calculation of the discount rate, which is set by formula in the Granite State Test.

And, underlying the Commission's Order 26,322 was the report of the Benefit-Cost Working Group, as well as the report by Synapse Energy, which was filed with the Commission in that docket on October 14th, 2019. With respect to the discount rate issue specifically, the Synapse Report did two things concerning discount rates. It recounted was currently being done, with specific numbers and a specific formula, and that's laid out in their report at Page 44. And, then, under "Recommendations", which were ultimately adopted by the Commission, it says that the -- that "The utilities should continue to use a low discount rate, as is being used now." And, again, the prior paragraph referenced the formula.

So, reading all that together, the recommendation that there be a low discount rate, with a formula stated in the Synapse Report, with reference to the underlying Plan at the time, coupled with the fact that the Commission adopted that recommendation, it's an appropriate reading, from the Department's viewpoint, that that is the formula that the Legislature adopted in the Granite State Test.

Now, again, that needs to be updated for current values. We wouldn't use the prime rate from 2019. But the formula itself was established.

We heard some questions about some tweaks or changes to the formula. We even heard testimony from Mr. Woolf, of Synapse, who largely authored the report that I'm talking about, that maybe alignment of this or that, you know, might be a good idea. That's fine, but that's not, in the Department's view, what the Legislature adopted.

So, we view this as sort of a settled issue. The utilities did precisely what they had done back in the docket in 2019, and you can check all those formulas that I mentioned. And, in our view, that's the right discount rate to use in this case.

So, as I said from the outset, we recommend approval. There are a couple of recommendations that we think that the Commission perhaps should address in its order. And I can go through those.

We do believe that the limited changes that the Commissioners heard about, with respect to the performance incentive, should be specifically mentioned in the order. The two changes that I heard are the fact that the Demand Response Program will now be treated like all the other programs in the performance incentive calculation, as presented by the utilities. And we believe it appropriate for the Commission to note Eversource's agreement or plan to no longer collect a performance incentive on the SmartSTART Program starting in 2024.

We note that no significant structural changes to the performance incentive calculation are presented in this docket. We believe they could have been, as I said, because we believe this to be a full three-year Plan that could have entertained changes to performance incentive. None were presented by the utilities, and none are presented by the Department of Energy, and none are presented by any of the other parties.

And, so, therefore, we believe that the underlying structure of the performance incentive should remain as it is for this three-year Plan.

Were the parties or the Commission to entertain any significant structural changes to the performance incentive mechanism, we would recommend that that be done after significant stakeholder input, in a format like the Performance Incentive Working Group, which was convened in the 2019-2020 -- 2018-2019 timeframe. And we say that, because we all sat through that Working Group, and understood the time and consideration of the various efforts that went into that. So, we believe that future changes should, you know, I'll say be subject to or deserve the same attention that changes were given at that time.

We recommend that the EM&V Working Group continue to operate as it does. So, the Department places great stock in the EM&V Working Group, as well as the consultant that we've hired to advise us and the group. So, we don't recommend any changes to that group. We were pleased to see that EM&V was restored in HB 549.

We had asked that the -- that the Commission grant approval for the stakeholders to hire a consultant for planning the next three-year Plan. I guess, strictly speaking, that's not part of the Plan that's before the Commission. So, I don't think it's a requirement that the Commission address that in its order.

However, we would, the Department of Energy, would welcome the Commission's viewpoint on the notion that we go back to what was done in the prior three-year Plan, which was to hire an independent facilitator, and as well as a subject matter expert, to not only guide the discussion amongst the stakeholders, to balance the various proposals that are kicked back and forth, but also to provide expertise from other states and from experience in the field.

We note, at the Department of Energy, that we don't believe any rates are up for approval in this docket. So, we're not looking for any rate approval in the order, as far as we know. We understand that the rates implementing whatever Plan is approved will be filed in December, for approval by January, as was done last year.

So, in closing, we would recommend approval of the Plan, as filed.

Thank you.

CHAIRMAN GOLDNER: Okay. Thank you, Attorney Dexter. Moving to the Office of the Consumer Advocate.

MR. KREIS: If you give me like ten seconds to write something down? Thank you. Okay.

I guess I have to succumb to the temptation to begin my closing peroration with a hardy "thank you" to Commissioner Goldner for having raised some of the same questions I've been raising for quite a few years now, about the "NHSaves" brand, and who it belongs to, and who benefits from that brand, as between customers and shareholders of the utility.

The brand was developed at ratepayer expense. And the utilities deploy it in circumstances that inevitably build goodwill in the utilities that inures to the benefit of the owners of the utilities. After all, how warm and fuzzy do we all feel when we know that our utility is working to help us save energy. Even though the utilities here do not invest, and -- and this, by the way, applies only to the utilities that are not a rural electric co-op, where the shareholders and the customers are the same people. The utilities, the investor-owned utilities in the room, do not invest one dime of their own capital in energy efficiency. But you never see promotions like "NHSaves, brought to you by your fellow ratepayers." It's always "NHSaves, brought to you by your friendly neighborhood utility."

I, however, have long ago cried "uncle" on this particular battle. I've basically written this problem off as the inevitable consequence of not doing what our neighbors in Maine and Vermont do, which is rely on a third party, rather than the utilities, to deliver ratepayer-funded energy efficiency.

I've hashed that around in my head, and argued with various people in this room about it for years. And that's basically where I come out, I can't keep the utility shareholders from soaking up a bit of goodwill that reposes in that brand that we, the ratepayers, gave them.

Query: Who really opens the trademark, because it is trademarked? And should -- should we think in the future about the utilities maybe paying the ratepayers something for the goodwill that they accumulate as a result of that brand?

But, all of that I think is truly outside the scope of what we're really needing to resolve here, even though I was just thrilled to hear Chairman Goldner raise those questions.

We've all gone through a very interesting and thoughtful couple of days of hearings. And, in general, the OCA, and, certainly, I, personally, am grateful to the Commission and to the other parties in the room for setting a really constructive and collaborative tone here. It's been really edifying, particularly on the crucial subjects of "benefit-cost analysis", and, in particular, the crucial subtopic of "discount rates".

However, our position remains what it was at the outset of the hearings. And we iterate -- we reiterate, that is, the standing objections we interposed at the beginning of the hearing. The factual Stipulation that is of record, as "Exhibit 5", is binding on the Commission, pursuant to Paragraph (d) of Rule Puc 203.20. That, in term, forms a full and adequate basis for the Commission to approve the proposed Triennial Plan, pursuant to Subparagraph (d)(5) of Paragraph VI-a of Section 3 of RSA 374-F. No party here is asking the Commission to do otherwise.

Thus, under the "contested case" provisions of the Administrative Procedure Act, the Commission must treat this case, essentially, the way a civil court would grant summary judgment, in a case where there is no genuine issue of material fact, and the proponents of the Plan are thus entitled to judgment as a matter of law.

Even if the Commission considers the evidence adduced by the testimony of the witnesses during these two days of hearings, nothing any of them said undermines the assertions in the Stipulation. Again, the proponents of the Plan are therefore entitled to judgment as a matter of law.

Finally, to reiterate a point I made at the very beginning of the hearing, RSA 363, Section 17-a states that the Commission's job is to serve as "the arbiter" of the interests of utility shareholders and utility customers. Here, those interests are completely aligned. The shareholders' agents and the customers' agents are all asking for Plan approval.

I agree with the Department that the Granite State Test, including the discount rate embedded in it, as proposed by the utilities in their Plan, are a settled issue, for substantially the reasons that Mr. Dexter gave you.

I, however, respectfully disagree with my learned colleague, Mr. Dexter, about the propriety of your making rulings here about the development of the next Triennial Plan, issues like "What happens to the EM&V Working Group?", and "What sort of stakeholder engagement paradigm is appropriate?"

There was a time, when we were operating under what was known as an "Energy Efficiency Resource Standard", and to develop that standard, which was a quest for all cost-effective energy efficiency, we were developing a stakeholder advisory board, that resembles the one that operates in Massachusetts, it's chaired by the Massachusetts equivalent of our Commissioner of Energy. But we've moved off of that paradigm now. And, I, as the Consumer Advocate, am willing to cast my lot with the utilities' willingness, because they have demonstrated a willingness, to engage informally with stakeholders, without any outside supervision by some outside consultant, or by the Department, or anybody else.

So, to, again, answer the question that has been looming pretty large in the last little bit of the hearing, what is this thing that the Legislature is asking of the Commission, "Plan approval"? Well, in my opinion, because the Legislature fixed the budgets, and the benefit/cost rubric, it tasked the PUC with a very simple responsibility. The Legislature views the proposed 2024 through 2026 Triennial Plan as the sum of the previous Plan, plus whatever program changes the utilities have proposed. And, thus, when you approve the program changes, as I believe you must, for the reasons I previously gave, you are, by operation of sheer logic, approving the 2024-2026 Triennial Plan.

In the latest procedural order issued by the Commission, the Commission invoked its duty to investigate. And I think that speaks to a need to clarify the respective roles of the Department of Energy and the Public Utilities Commission. It isn't surprising to me at all that the ongoing sense of ambiguity and uncertainty about that question comes to the fore here, given the importance and the public interest in this proceeding.

The elephant that I see in this very room, Hearing Room A, is that there still remains a lot of uncertainty about what the sphere of the PUC is and what the role of the Department is. It may be that it's going to be necessary for the General Court to weigh in and clarify what it left, I guess, ambiguous or unresolved when it created the Department of Energy in 2021.

But I would argue that at least some of

the statutory duty to investigate, and the related duty to keep informed, how reposes in the Department. And the Commission should take great care, in this case, in particular, to do as much as it can to act in the way a court would, and simply rule on the questions that have been put before the Commission, pursuant to the applicable statute. And, therefore, I believe the Commission can, should, and indeed must approve the proposed 2024-2026 Triennial Plan.

Thank you for this awesome hearing. I think it really enriched all of us, and I look forward to reading your order.

CHAIRMAN GOLDNER: Thank you, Attorney Kreis. Moving to Clean Energy New Hampshire.

MR. EVANS BROWN: Thank you to the Commission, and thanks for this opportunity to provide a closing statement.

Just for the record, because I don't believe I had a chance to introduce myself, I'm stepping in for Chris Skoglund, who had to be away today. I'm Sam Evans Brown. I'm the Executive Director of the organization.

First, Clean Energy New Hampshire would

like to thank the New Hampshire utilities, the DOE staff, and the OCA, as well as other intervenors for their collaboration over the past two decades, and the past five years, in particular, as we've worked to make progress in the Granite State on this difficult topic of how to effectively incentivize energy efficiency, which, as everyone in this room knows, has been an area that is consistently identified as a "market failure". It's a cost-effective measure that the market does not adopt on its own automatically.

I'd next like to restate that we, at Clean Energy New Hampshire, do fully support the approval of the New Hampshire Utilities' 2024 to 2026 Energy Efficiency Plan, as filed, noting that it does provide economic, energy, and environmental benefits to the whole state and to all ratepayers, and that, by definition, the program offerings in the Plan are cost-effective. As part of this, we'd like to emphasize that this Plan comes with the full support of the above-mentioned parties, in addition to, at last check, 31 of the 32 individuals, business owners, and municipalities that had submitted comments when I last checked in on the docket. And, then, further, the New Hampshire Business & Industry Association, which represents one of the largest electricity users in the state, is among those supporters.

Clean Energy New Hampshire's own membership echoes this broad support for the NHSaves Plan as submitted. Our members do include hundreds of residents and small businesses, as well as 37 municipalities, representing over 410,000 New Hampshire citizens, nearly 30 percent of the state's population. Our members also include dozens of businesses and manufacturers that are outside of the clean energy space, but who are significant energy users as well, a lot of overlap there with the BIA, I'll add, and increasingly so. And they're looking for affordable, clean energy supplies, particularly at a time when energy prices have cycled through historic volatility over the past two years. Energy efficiency is the lowest cost resource, and the approval of this Plan, as submitted, is of significant interest and concern to that broad and diverse membership.

That being said, Clean Energy New Hampshire does appreciate the approach that the Commission has taken in these hearings, as expressed at the outset, it was -- it is to improve the programs, which Clean Energy New Hampshire does believe can happen. We believe that the state's energy efficiency offerings can be improved to better integrate the changing technological landscape, and can offer more ratepayer benefits for lower administrative costs. However, it's our belief that the appropriate way to make those changes is in issuing an order that approves the Plan, but also provides clear indications regarding areas where the various stakeholder groups and working groups that have been cited by the previous two commenters should address their efforts over the next three years.

Approval of this edition of the Energy Efficiency Plan, in particular, is crucial for the energy efficiency workforce, that is still recovering from significant disruptions in 2021 and 2022, and that those impacts to that workforce were a large reason why the Legislature intervened through the passage of HB 549, and subsequently through the passage of SB 113 in 2013 **[**2023**?]**, to ensure that the state's efficiency programs are stabilized and can continue to provide those important services to residents and businesses. Approval of the Energy Efficiency Plan will provide certainty to the contractors and customers that the programs that they are hoping will deliver further benefits in the years ahead will continue. The state's electric and gas utility programs have won numerous awards for their effectiveness, and they have consistently provided a net economic benefit. And we hope that we can just sort of keep the momentum going for those programs.

I think it's also important to point out that we are heading into a new era, I think, in the electric space, in particular. For decades, ISO-New England has forecast that capacity, energy, and loads were -- have been falling since 2006, and that we're coming to an end in that period, as electrification starts to accelerate. That means that these efficiency programs are incredibly important as we make that transition.

While a complete transition away from fossil fuels would reduce primary energy consumption in the neighborhood of 50 percent, the region could see its total electricity consumption double. So, while primary electric energy consumption could fall, a lot more of that consumption will be coming through the form of electricity. That growth will demand a significant build-out of our transmission and distribution system. It might come at great expense, but, if that growing -- if that growing demand is appropriately managed, rates need not rise in tandem to make those investments. Instead, electrification can result in ratepayers spending less of their total income on energy, but only if we maximize the utilization of our utility infrastructure, increasing load factors and asset utilization, and keeping peak demand low.

We will do that both with passive demand management, as embodied in our traditional energy efficiency offerings, but also with active demand management, an area that is taken up in this three-year Plan as a first effort, but which I would argue is in need of -- in dire need of more attention from New Hampshire's utilities and their regulators.

Further, these investments in energy efficiency throughout the next period of time will allow us to defer investments. It will give us time to plan for how to integrate those new technologies as electric -- as electric demand grows. That additional time will let the state and region plan for the development of new, innovative grid infrastructure, that will allow for more efficient use of that same distribution and transmission -- of the same transmission and distribution assets over the course of the day. Distributed battery systems, time-of-use rates, utility control of loads will all have more time to mature before being deployed, with the potential to reduce peak demand, and reduce stress, reduce upward pressure on electric rates. That time is what we buy by investing in efficiency now.

In this way, NHSaves is not just an

investment that saves energy. It's an investment that buys us time. So, we encourage adoption of the Plan.

CHAIRMAN GOLDNER: Thank you, Mr. Evans Brown. We'll now move to -- pardon me -- the Conservation Law Foundation.

MR. KRAKOFF: Yes. Thank you, Chairman and Commissioners, for this hearing, and for your thoughtful questions the last two days.

The Utilities have put together a Plan that complies with the parameters set by HB 549, and CLF, therefore, supports approval of the 2024 to 2026 Triennial Plan. This Plan has widespread support from the utilities, the Department of Energy, the Consumer Advocate, clean energy and environmental advocates, and low-income advocates. Indeed, all of the parties to this docket support approval of the Plan, which is different from the last time we had a Plan before the Commission.

Turning to the Plan itself, the Triennial Plan will result in significant benefits to New Hampshire families and businesses. As detailed in the Plan, the programs will result in customer energy cost savings of more than $675 million over the lifetime of the measures, and will result in $2.27 in benefits for every one dollar invested. The Plan will result in savings of 2.6 billion electric kilowatt-hours and 6.5 million MMBtus of natural gas over its lifetime, and will save a further 5.2 MMBtus from oil, propane, and other fuels. This Plan will also reduce summer peak demand by 42.5 megawatts.

I also want to note that the Plan will result in significant environmental benefits for New Hampshire. The NHSaves programs will reduce energy consumption, which will reduce the amount of fossil fuels burned by power plants, which will, in turn, reduce greenhouse gas emissions that contribute to climate change. You know, in fact, the programs in the Plan will reduce greenhouse gas emissions by 2 million tons for the life of the measures installed, which is equivalent to removing more than 436,000 cars from highways for one year.

It will also lead to avoidance of 17 tons of sulfur dioxide emissions and 175 tons of nitrogen oxide emissions, which will improve the health and well-being of New Hampshire residents. As noted by Chris Skoglund from Clean Energy New Hampshire, his testimony, reducing total energy consumption through the NHSaves programs results in immediate and long-term public health and environmental benefits by lowering emissions of smog-forming compounds and particle pollution that cause direct health impacts, mercury emissions that pollute our lakes and streams, and greenhouse gas emissions. Mr. Skoglund also explained that shifting electricity use from on-peak to off-peak, as some of the NHSaves programs can accomplish, reduces the emissions of nitrogen oxides, sulfur dioxide, and greenhouse gases considerably, by reducing the use of the most polluting peaking power plants.

While CLF supports approval of the Plan, it also appreciates Commissioner Simpson's and the other Commissioners' thoughtful questions regarding potential ways to improve future plans, and particularly Commissioner Simpson's questions regarding electrification and battery storage. Prior to the next Plan, some of these questions may actually by appropriate to address in a grid modernization adjudication docket that the Commission stated that it planned to establish back in the previous grid mod. docket, in Order 26,575, but which the Commission has not yet opened. But I think electrification and other questions would be really ripe for that docket.

Turning to the procedure for approval of the Plan, as already discussed extensively in the Joint Intervenors' Brief, by enacting HB 549 and SB 113, the General Court intended to significantly limit the PUC's discretion over energy efficiency plans. As long as the Plan is cost-effective under the Granite State Test, meets the statutory budget requirements, and otherwise meets the several other requirements under RSA 374-F:3, VI-a, the Commission must approve the Plan.

As stipulated to by several parties, and not contested to by any party in this docket, the Triennial Plan is cost-effective utilizing the Granite State Test and the proposed suite of measures and programs results in a cost-effective three-year Plan that enables access to programming by diverse customer sectors. The Plan relies on a low risk discount rate, and for the purposes of benefit-cost calculations under the Granite State Test, the use of this low discount rate is consistent with past practice, and the determinants contained in the New Hampshire Cost Effectiveness Review that forms the basis of the Granite State Test, which is required by RSA 374-F:3, VI-a, and was previously approved by the Commission in the prior Plan. Because these facts are not contested, the Stipulation binds the Commission to these facts.

Further, as has already been mentioned earlier in the hearing, CLF believes it's improper for the Commission to rely on any of the record requests as evidence for making its decision. Under Puc Rule 203.22(a), only parties may present exhibits, and under Puc 203.22 -- under the same rule, the parties entitled to offer evidence at a hearing include the petitioner, the Office of Consumer Advocate, and intervenors. Further, it's improper for the Commission to take administrative notice of these record requests in this docket. Therefore, pursuant to these rules and statutes, the Commission is precluded from relying on the record requests as evidence when deciding the matter.

In conclusion, the Triennial Plan results in numerous benefits for New Hampshire residents and businesses, including hundreds of millions of dollars in energy savings, and environmental, economic, and workforce benefits. The programs in the Plan are cost-effective as a whole under the statutorily mandated Granite State Test. And this fact has been stipulated to by most of the parties, and is uncontested by any party; therefore, this finding is binding on the Commission. Accordingly, the Commission should approve the Triennial Plan, as filed.

Thank you.

CHAIRMAN GOLDNER: Thank you, Attorney Krakoff. We'll turn now to The Nature Conservancy.

MS. HATFIELD: Thank you, Mr. Chairman and Commissioners.

We echo the thanks to all of the parties for their collaboration and cooperation, along with their rigorous review of the filing. And, also, thank you to the Commission for allowing The Nature Conservancy to intervene in this case.

Consistent with the Joint Intervenors' Brief filed on September 22nd, and the Stipulation filed by all parties, other than DOE, on October 6th, The Nature Conservancy joins all other parties in this docket in urging the Commission to expeditiously approve the 2024 to 2026 Plan, as filed, with the clarifications provided during these hearings, and without further changes.

As noted in the Joint Stipulation, there are no facts at issue in this case. No party contests the Stipulation. I won't repeat my reading a few minutes ago of the Commission's Rule 203.20(d), but I will simply note it again for the Commission.

In the briefs filed by all of the parties, including the DOE, we all provided perspectives on the role of the Commission's review in this proceeding, in light of House Bill 549 and Senate Bill 113, and other relevant statutes, which provide clarity on the limited scope of the Commission's review in this case, which has been significantly curtailed by the Legislature, as several other parties have noted.

We also appreciate the forward-looking questions posed by all of the Commissioners, and we welcome those, though they are beyond the scope of what is before you. We would find future opportunities to think more holistically and to explore new technologies to help the state be more efficient, more energy independent, and to save money for everyone. This type of thinking is likely more appropriate in a broader context to allow for more creative and expansive thinking across the many investments that utilities propose on behalf of ratepayers. This type of exploration could allow for an integrated approach to help the state achieve a smarter grid that meets all of our energy goals under RSA 378:37, in which the General Court sets the energy policy of the state.

Finally, I wish to note that, in the supplemental prehearing order issued by the Commission, it states, on the bottom of Page 2, that you will quote -- sorry, you "will review the record request responses and specific answers as part of our review of the overall record in making our determination in this matter, according it the weight it deserves." Respectfully, those record requests deserve no weight. They are not in the record, they are not evidence, they have not been presented by any party or any witness. Therefore, they should not be considered by the Commission in this case, and they, again, are not part of the record.

Thank you.

CHAIRMAN GOLDNER: Thank you, Attorney Hatfield. We'll turn now to LISTEN Community Services.

MR. TOWER: Thank you, Commissioners. Given that my colleagues have done a lot of the heavy lifting with their closings, I'll be brief.

LISTEN is grateful for the effort and collaborative approach that the parties have taken to develop and submit the Plan that is before the Commission today.

Initially, I practiced in a lot of different practice areas, and it was a nice change of pace to have that collaborative experience. So, thank you, everyone.

The low-income households that LISTEN serves will generally, on average, pay a substantially higher portion of their household income on energy costs. And, for that reason, the HEA programs included in the proposed Plan will directly benefit those low-income households substantially.

And, additionally, the overall energy efficiency savings throughout this Plan will substantially assist those households in the long term to keep overall utility costs low.

We agree with the position outlined by OCA regarding the scope of this hearing. Given the direction from the Legislature in HB 549 and the uncontested Stipulation of the Facts submitted to the Commission by most of the parties, we ask the Commission to approve the proposed three-year Plan as submitted.

And the last thing that I would like to raise is, at New Hampshire Legal Assistance, we do a lot of advocacy around due process issues with our state and federal agencies for our clints. And we've raised this issue with our client, LISTEN. And there have been some what we see as "procedural anomalies" in this docket, including, as Attorney Hatfield pointed out, the use of the record request responses as part of the record. We don't believe that that is appropriate, and to do so we believe would be a violation of the due process of this proceeding. So, we urge the Commission not to rely on those record request responses as part of the record in this proceeding.

Thank you very much.

CHAIRMAN GOLDNER: Thank you. And, now, we'll move to Southern New Hampshire Services.

MR. CLOUTHIER: Thank you, Chairman and Commissioners.

Southern New Hampshire Services would like to thank all who participated in this docket, including anyone who may not have participated directly in the docket, but did provide information leading to the development of the Plan filed by the utilities. Everyone involved provides great value in helping to -- in helping to develop the three-year Plan.

SNHS feels that this Plan is just and reasonable, and we fully support this Plan.

We would like to particularly thank all parties for recognizing the importance of the Home Energy Assistance Low-Income Program, and the life-changing benefits this program provides, to those faced with the highest energy burden.

We also appreciate the utilities' recognition and response to the financial challenges that contractors and Community Action Agencies are continually faced with when performing energy efficiency upgrades through the HEA Program.

We strongly support the HEA Rebate Incentive Plan proposal, as it allows the HEA Program to perform complete weatherization on eligible low-income households, without leaving cost-effective energy-saving measures on the table due to the lower rebate.

We're also very supportive of the three-year budget term, allowing the continuation of program funding until the conclusion of the three-year term. This will increase efficiencies in the delivery of services, especially to those low-income families most in need.

We've discussed TRCs, GSTs, BCs, and, most recently, capital Ps. And, while I recognize the importance of this discussion, I just want to mention, as someone entering these homes, I've witnessed families, with sheets hanging from their kitchen entrance, while the family sits around an open oven for heat. I've seen children sleeping within five feet of an open flame, as the fire box on their heating system was completely rotted away. I've walked away from these homes seeing a wonderful impact of these programs, which allows those same families to utilize their entire home comfortably, while also being more aware of energy efficiency as a family. And I've seen their usage drop significantly postweatherization.

SNHS has always been pleased to work with the utilities and stakeholders in the development of these Plans, and believe the utilities have done a very good job, not just with respect to the Low-Income Program, but with respect to all of the programs I've witnessed delivered through this process.

I look forward to continuing such meaningful programs, and respectfully ask the Commission give favorable approval to this Plan.

Thank you.

CHAIRMAN GOLDNER: Thank you. And, as I turn to the utilities, I failed to offer redirect to your witnesses. So, I cleverly have kept them on the stand.

Do you have any redirect that you would like?

MS. CHIAVARA: We were going to ask for a brief recess to confer with the witnesses. But I realize we're standing between everybody and the door. So, I think -- it looks like everybody's okay. I think we're good.

CHAIRMAN GOLDNER: Okay. The witnesses are released. Thank you. And sorry for the delay.

Briefly, Attorney Chiavara, let me admit the exhibits. So, absent any objections, Exhibits 1 through 7 are admitted.

And, now, we'll move to closing. Will

you represent all the utilities, Attorney Chiavara?

MS. CHIAVARA: I will, in interest of, yes, getting everybody to that door.

CHAIRMAN GOLDNER: Okay. Well, take your time. We've been working on this for five months, we can -- another hour or two is fine. So, --

[Laughter.]

MS. CHIAVARA: Thank you.

The utilities have already said quite a bit about the NHSaves programs and the proposed Plan over the course of this proceeding. Beginning with the Plan filing, through to the legal briefs, and culminating in Exhibit 5, the Joint Party Stipulation, which demonstrates that the proposed Plan satisfies all the statutory requirements, and meets both the explicit terms and the spirit of the energy efficiency statute, RSA 374-F:3, VI-a, mostly recently amended by HB 549 in 2022.

By function of Puc 203.20, Subparagraph (d), the Stipulation definitively determines that no issue of fact is disputed by any party to this docket, as has been said by previous parties to this docket. Given all that's already been said, and that there are no contested issues regarding the sole proposal in this docket that the Commission approve the 2024-2026 Triennial NHSaves Energy Efficiency Plan, I don't have all that much more to add. But I believe it is worth taking a moment to return the Commission's attention to the tremendous benefits that the programs embodied in the Plan bring to our state.

Decades of data, analysis, and stakeholder and customer input have borne out that the NHSaves programs have provided, and will continue to provide, real and cost-effective benefits to all customers in New Hampshire, both participants and nonparticipants alike, as well as to the electrical grid itself.

Energy efficiency is a critical component of a balanced and economically rational energy policy for the State of New Hampshire, and the Legislature embraced this policy course when it codified the aptly named "System Benefits Charge". And, again, when it preserved the SBC in 2022, to ensure sustained, consistent funding for the programs that provide systemwide benefits. As a non-bypassable charge, the Legislature designed the SBC so that all customers would contribute, and contribute equally.

Customers benefit in numerous and varied ways, from air quality improvements and a more resilient grid, to warmer homes and lower utility bills, often in the upcoming winter months when these improvements are needed most, providing critical relief to customers that are energy insecure. NHSaves also creates jobs and drives economic growth. This aspect of the program was made unmistakably during the efforts to pass HB 549, when several contractors testified to the reliance on the programs for their livelihood. The uninterrupted preservation of these programs is essential for this workforce to remain working here in New Hampshire and supporting our local economies.

While there was considerable discussion of the relative benefits for participants and nonparticipants during these hearings, the state has made access to energy efficiency a policy priority, which is why NHSaves programs are designed so that all in New Hampshire may access them, particularly those customers that are energy vulnerable. And, as Mr. Leménager pointed out at the outset of these hearings, and was reiterated by Ms. Downes today, with the sustained popularity of these programs year after year, the pool of nonparticipants grows increasingly smaller. The System Benefits Charge has been implemented in a way that the Legislature has found to be equitable, and the utilities have taken up the charge with the 2024-2026 Plan to see that equitable benefits are afforded to all customers in New Hampshire through a diverse portfolio of programs that meet myriad customer needs.

I will just do a brief comment on the discount rate. As with just about anything, there are -- there may be an opportunity for refinement. The utilities have listened to the Commissioners' concerns, and are committed to studying the issue for future Plans to ensure that any proposed changes are based on a statistically robust analysis, and structured in a way that minimizes unintended or illogical consequences. However, the Plan proposed in this docket uses a discount rate that applies the best information available at the time the Plan was finalized and filed, and represents a low-risk discount rate, which is consistent with the goals of the legislatively mandated Granite State Test, and appropriately reflects customer needs and interests. This is evidenced in the Plan and the Joint Party Stipulation, and echoed throughout the testimony of the Department of Energy and the Office of the Consumer Advocate.

Bearing this in mind, and that the proposed Plan meets all legislative requirements, we ask, respectfully, that the Commission approve the Plan in its entirety, as it was filed or June 30th, and amended on September 11th, which is marked as "Exhibit 1".

The utilities thank the Commission for the deliberate and candid engagement that you've had over the last two days of hearings. And we thank you for your time and attention to this matter.

CHAIRMAN GOLDNER: Thank you, Attorney Chiavara.

Is there anything else that we need to cover today?

[No verbal response.]

CHAIRMAN GOLDNER: All right. Seeing none. We'll take the matter under advisement. And we are adjourned.

(Whereupon the hearing was adjourned at 1:44 p.m.)