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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

May 12, 2009 - 9:14 a.m.  
Concord, New Hampshire

NHPUC JUN25'09 PM 1:49

RE: DG 09-049  
ENERGYNORTH NATURAL GAS, INC. D/B/A  
NATIONAL GRID NH: Proposed Energy  
Efficiency Plan May 1, 2009 through  
December 31, 2010.

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Graham J. Morrison  
Commissioner Clifton C. Below

Sandy Deno, Clerk

APPEARANCES: Reptg. ENGI d/b/a National Grid NH:  
Sarah B. Knowlton, Esq. (McLane, Graf...)

Reptg. The Way Home:  
Alan Linder, Esq. (N.H. Legal Assistance)  
Diane Pitts

Reptg. Community Action Agencies:  
Dana Nute

Reptg. N.H. Office of Energy & Planning:  
Eric Steltzer

Reptg. Residential Ratepayers:  
Meredith Hatfield, Esq., Consumer Advocate  
Kenneth E. Traum, Asst. Consumer Advocate  
Office of Consumer Advocate

Reptg. PUC Staff:  
Marcia A. B. Thunberg, Esq.

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

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                                  KATE O'ROURKE  
                                  ROBERT O'BRIEN

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EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	National Grid's revised Energy Efficiency Plan May 1, 2009 through December 31, 2010 (05-08-09)	7
2	Redlined Version of the Plan showing the changes from the Company's Initial Filing of March 12, 2009	7
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## P R O C E E D I N G S

1  
2 CHAIRMAN GETZ: Okay. Good morning,  
3 everyone. We'll open the hearing in docket DG 09-049. On  
4 March 12, 2009, EnergyNorth Natural Gas, doing business as  
5 National Grid New Hampshire, filed its Energy Efficiency  
6 Plan for the 20 month period beginning May 1, 2009 through  
7 December 31, 2010. Order of notice was issued on March 24  
8 setting a hearing for April 23rd, which was continued to  
9 this morning.

10 Can we take appearances please.

11 MS. KNOWLTON: Good morning. Sarah  
12 Knowlton, with the McLane law firm, here today for  
13 EnergyNorth Natural Gas, Inc., doing business as National  
14 Grid New Hampshire. And, with me today from the Company  
15 is Carol White, Bob O'Brien, and Kate O'Rourke, who will  
16 be the Company's witnesses.

17 CHAIRMAN GETZ: Good morning.

18 CMSR. MORRISON: Good morning.

19 CMSR. BELOW: Good morning.

20 CHAIRMAN GETZ: And, --

21 MR. LINDER: Good morning. Alan Linder,  
22 from New Hampshire Legal Assistance, representing The Way  
23 Home. And, with me from The Way Home is Diane Pitts, the  
24 Director of Housing Services for The Way Home.

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1 CHAIRMAN GETZ: Good morning.

2 CMSR. MORRISON: Good morning.

3 CMSR. BELOW: Good morning.

4 MR. NUTE: Good morning. Dana Nute,  
5 representing the New Hampshire Association of Community  
6 Action.

7 CHAIRMAN GETZ: Good morning.

8 CMSR. MORRISON: Good morning.

9 CMSR. BELOW: Good morning.

10 MR. NUTE: Good morning.

11 MR. STELTZER: Good morning. Eric  
12 Steltzer, representing the Office of Energy and Planning.

13 CHAIRMAN GETZ: Good morning.

14 CMSR. MORRISON: Good morning.

15 CMSR. BELOW: Good morning.

16 MS. HATFIELD: Good morning,  
17 Commissioners. Meredith Hatfield, for the Office of  
18 Consumer Advocate, on behalf of residential ratepayers,  
19 and with me is Ken Traum.

20 CHAIRMAN GETZ: Good morning.

21 CMSR. MORRISON: Good morning.

22 CMSR. BELOW: Good morning.

23 MS. THUNBERG: Good morning,  
24 Commissioners. Marcia Thunberg, on behalf of Staff, and

1 with me today is Jim Cunningham and Steve Frink. Thank  
2 you.

3 CMSR. BELOW: Good morning.

4 CMSR. MORRISON: Good morning.

5 CHAIRMAN GETZ: Good morning.

6 Ms. Knowlton, are you ready to proceed or any procedural  
7 matters we need to address beforehand?

8 MS. KNOWLTON: If we could take a minute  
9 and go through the exhibits that we propose to mark for  
10 identification, just to make sure that we're all on the  
11 same page. The Company is proposing that we mark for  
12 identification as "Exhibit 1" the May 8th, 2009 Energy  
13 Efficiency Plan, that has exhibits attached to it.  
14 Exhibit 2 would be the redline version, the Company filed  
15 a plan on March 12th initially, and then this is a redline  
16 showing the changes from the initial filing from what was  
17 filed on Friday. So, this would be Exhibit 2. Exhibit 3  
18 is the Settlement Agreement that was just filed, with two  
19 tabs, 1 and 2, which are attachments. We propose to mark  
20 for identification as "Exhibit 4", the top of it says  
21 "EnergyNorth Budget", and this is essentially the Bill  
22 Impact Statement.

23 MS. THUNBERG: And, for Exhibit 5, which  
24 I realize you do not have, Staff is proposing to mark for

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 identification as "Exhibit 5" a spreadsheet that's  
2 entitled "Key Highlights".

3 MS. KNOWLTON: Those are the only  
4 procedural matters that I have.

5 CHAIRMAN GETZ: Okay. The exhibits will  
6 be marked as described by Ms. Knowlton and Ms. Thunberg.

7 (The documents, as described, were  
8 herewith marked as **Exhibit 1** through  
9 **Exhibit 5**, respectively, for  
10 identification.)

11 CHAIRMAN GETZ: Please proceed.

12 MS. KNOWLTON: Thank you. The Company  
13 calls Ms. White Mr. Ms. Owe rock and Mr. Own to the stand  
14 please.

15 (Whereupon Carol White, Kate O'Rourke,  
16 and Robert O'Brien were duly sworn and  
17 cautioned by the Court Reporter.)

18 CAROL WHITE, SWORN

19 KATE O'ROURKE, SWORN

20 ROBERT O'BRIEN, SWORN

21 DIRECT EXAMINATION

22 BY MS. KNOWLTON:

23 Q. Good morning. I'll start with you, Ms. White. If you  
24 would please state your full name for the record.

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 A. (White) My name is Carol S. White.

2 Q. By whom are you employed?

3 A. (White) I'm employed by National Grid Service Company.

4 Q. And, what is your position?

5 A. (White) I am the Director of Energy Efficiency,  
6 Evaluation and Regulatory Affairs.

7 Q. How long have you held that position?

8 A. (White) I have held this specific position since the  
9 Company joined together with KeySpan. Prior to that, I  
10 was the Director of Energy Efficiency, Evaluation and  
11 Planning at National Grid.

12 Q. And, would you identify for the Commission your areas  
13 of expertise within energy efficiency?

14 A. (White) Yes. I have over 21 years of experience  
15 dealing with energy efficiency. I have experience in  
16 program design, planning, implementation, and in  
17 evaluation. In my current role, I'm responsible for  
18 both gas and electric energy efficiency in all four of  
19 the states in which National Grid operates.

20 Q. And, which states are those?

21 A. (White) Those states are New Hampshire, Massachusetts,  
22 Rhode Island, and New York.

23 Q. Thank you. Ms. O'Rourke, will you please state your  
24 full name for the record.

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 A. (O'Rourke) Kathryn Ann O'Rourke.

2 Q. And, by whom are you employed?

3 A. (O'Rourke) National Grid.

4 Q. What is your position with the Company?

5 A. (O'Rourke) I'm Manager of the Commercial and Industrial  
6 Gas Programs in Massachusetts and New Hampshire.

7 Q. How long have you held that position?

8 A. (O'Rourke) I have held this position for one year.

9 Q. What did you do prior to that?

10 A. (O'Rourke) Prior to that, I was a Gas Program Manager  
11 in the C&I gas field with the Company.

12 Q. Okay. And, did you provide services in that capacity  
13 to customers in New Hampshire?

14 A. (O'Rourke) Yes.

15 Q. And, can you tell us a little bit more about your  
16 responsibilities for the commercial and industrial  
17 programs?

18 A. (O'Rourke) Main function is I'm responsible for program  
19 design and implementation in Massachusetts and in New  
20 Hampshire.

21 Q. What is your educational background?

22 A. (O'Rourke) I have my Bachelor's in Chemical Engineering  
23 and a lead accredited professional.

24 Q. And, Ms. White, I didn't ask for your educational

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 background. Would you mind telling us.

2 A. (White) Certainly. I have a Master's in Business  
3 Administration from Northeastern University, a Master's  
4 degree in Economics, and a Bachelor's degree in  
5 Mathematics and Economics.

6 Q. Thank you. Good morning, Mr. O'Brien.

7 A. (O'Brien) Good morning.

8 Q. Will you state your full name for the record please.

9 A. (O'Brien) Robert P. O'Brien.

10 Q. By whom are you employed?

11 A. (O'Brien) National Grid Energy Services or -- Energy  
12 Services, yes.

13 Q. And, what is your position with the Company?

14 A. (O'Brien) I am the Manager of Whole House Programs for  
15 New England.

16 Q. What does that mean?

17 A. (O'Brien) I am responsible for the new construction  
18 programs and the residential retrofit programs in New  
19 England.

20 Q. Can you describe in a bit more detail your  
21 responsibilities as they relate to those programs?

22 A. (O'Brien) I am the Manager of that department, with the  
23 Program Managers responsible for the day-to-day  
24 operations of those programs reporting to me.

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 Q. Do you have any responsibilities in association with  
2 the low income programs, the energy efficiency low  
3 income programs that the Company offers?

4 A. (O'Brien) Not really.

5 Q. Okay. So, it may be possible that we bring another  
6 witness up to the stand to address the low income  
7 issues when we get to those. And, what is your  
8 educational background, Mr. O'Brien?

9 A. (O'Brien) I have a BA degree from Salem State College  
10 in Massachusetts.

11 Q. In what area?

12 A. (O'Brien) History.

13 Q. All right. Ms. White, I'll start with you. If you  
14 would -- I want to take a minute and just put some  
15 context around where we are today. Would you describe,  
16 just in general terms, you know, where the Company is  
17 in terms of its current energy efficiency programs on  
18 the gas side that have been approved by the Commission?

19 A. (White) Yes. The Company has been implementing a three  
20 year Gas Energy Efficiency Program that ended on  
21 April 30th, 2009, and which has been extended by the  
22 Commission for a period of time until the new programs  
23 can take the place of the ongoing programs.

24 The three year plan included energy

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 efficiency program services for residential customers,  
2 including our low income customers, as well as programs  
3 for commercial and industrial customers. The approved  
4 budget for the three year plan was approximately  
5 \$4.9 million for the three year period, and the Company  
6 has spent approximately \$4.7 million during this time  
7 frame.

8 Q. And, I know the Company -- are you familiar with the  
9 updates that the Company files periodically with the  
10 Commission about its spending levels for its programs?

11 A. (White) Yes, I am.

12 Q. And, can you, you know, has the spending been even over  
13 that three year period?

14 A. (White) No, it has not. The Company underspent its  
15 approved budgets during the first two years of the  
16 three year plan, and proposed a significantly ramped up  
17 program effort for year three. We have come very close  
18 to fully spending the total amount of dollars that were  
19 approved over the three year period. And, it is the  
20 case that there are a few very large invoices that we  
21 submitted for payment in April that have not hit the  
22 books until May, which accounts for our being short of  
23 the total amount of spending by approximately \$200,000.

24 Q. Would you describe how the costs of the Gas Energy

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 Efficiency Program are funded?

2 A. (White) The Company recovers approved energy efficiency  
3 program expenses through the local distribution  
4 adjustment factor. The Company files its LDAC, that's  
5 the Local Distribution Adjustment Factor, with the  
6 Commission by September 15th of each year, with an  
7 effective date of November 1. The LDAC includes a  
8 reconciliation of energy efficiency expenses compared  
9 to collections for the 12-month period that is ending.  
10 The documented energy efficiency shareholder incentive  
11 for the recently ended energy efficiency program year,  
12 and the projection of expenses to be recovered for  
13 energy efficiency program efforts in the 12 months  
14 during which the proposed LDAC will go into effect.

15 Program costs are recovered by sector,  
16 where there are basically two sectors, residential or  
17 commercial and industrial, with all firm customers  
18 contributing to the cost of the effort. Both  
19 residential and commercial and industrial sectors fund  
20 the low income program services sector.

21 Q. Do you know where the Company is relative -- how its  
22 spending level compares to what it's collected for  
23 program year three?

24 A. (White) My understanding, subject to check, is that we

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 are in an overrecovery position at this time. However,  
2 by the time the LDAC is filed, I suspect that that will  
3 not be the case.

4 Q. Are you familiar with the initial proposal for new  
5 energy efficiency plans that the Company submitted on  
6 March 12, 2009?

7 A. (White) Yes, I am.

8 Q. And, do you have Exhibit 1 before you, what we've  
9 marked for identification as "Exhibit 1"?

10 A. (White) Yes, I do.

11 Q. And, would you identify what that document is?

12 A. (White) Yes. Exhibit 1 is the Energy Efficiency Plan  
13 that was filed on May 8th, 2009. It covers the period  
14 May 1, 2009 through December 31st, 2010. And, it  
15 includes a description of proposed energy efficiency  
16 program efforts, budgets, goals, evaluations, outreach,  
17 and cost-effectiveness for the proposed program effort.

18 Q. And, do you have Exhibit 2 in front of you?

19 A. (White) Yes, I do.

20 Q. And, would you describe what that document is?

21 A. (White) Exhibit 2 is a redline document that shows the  
22 changes that were made in the development of Exhibit 1,  
23 compared to the Company's filing that was made on March  
24 12th, 2009.

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 Q. Can you tell us why the Company revised its March  
2 filing and refiled something on May 8th?

3 A. (White) Yes. The Company participated in a technical  
4 session with Staff and intervenors in the proceeding.  
5 And, as a result of the discussions and the comments  
6 that we received from all who were involved, including  
7 discussions that occurred during several phone  
8 meetings, we identified some improvements to the  
9 originally filed plan, and have submitted those in  
10 Exhibit 1.

11 Q. Did the Company make any changes to the budget that was  
12 proposed initially on March 12th to the May 8th budget?

13 A. (White) Yes, we did. The March 12th filing included a  
14 budget that was approximately equal to \$7.2 million for  
15 the 20 month period, and the revised budget is  
16 approximately \$7.8 million.

17 Q. If you would focus your attention on Exhibit 1, the May  
18 8th, 2009 plan that we're here before the Commission  
19 today on, can you walk us through the elements of the  
20 plan?

21 A. (White) Yes. The plan starts out with an overview of  
22 changes that are being proposed, compared to the recent  
23 three year plan, as well as an overview of the programs  
24 for both residential and commercial and industrial

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 customers that are described in more detail in Sections  
2 III, for residential, and IV, for commercial and  
3 industrial customers. Section V describes outreach and  
4 communication efforts. Section VI describes evaluation  
5 and reporting. And, Section VII describes the  
6 shareholder incentive mechanism proposal.

7 There are -- There is one appendix and  
8 four exhibits that go along with the plan. Appendix A  
9 provides an explanation of budget categories. And,  
10 what we've included here is a description of those  
11 budget categories using the descriptions of cost  
12 categories that have been used in the past, in the past  
13 on the gas side. We are attempting to make the filing  
14 look more like the CORE electric filings. And, so, we  
15 have also provided information about how these budgets  
16 look by category, using the cost categories that are  
17 used in the CORE electric program filings, so that  
18 there is an understanding of how to transition from the  
19 gas definitions to the electric definitions, in  
20 anticipation that we will be working more closely with  
21 the CORE electric utilities in our program planning and  
22 delivery efforts in the future.

23 Exhibit A provides the projected program  
24 costs by program and by year. Exhibit B provides the

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 benefit/cost analysis, and shows that all of the  
2 programs that we have proposed to implement are  
3 expected to be cost-effective. Exhibit C provides the  
4 program input assumptions. These assumptions document  
5 how we have built up the proposed savings in each of  
6 the programs. And, then, Exhibit D illustrates the  
7 shareholder incentive calculation and delineates what  
8 the Company needs to do in order to earn a shareholder  
9 incentive.

10 Q. The proposed program year is shorter than the prior or  
11 the existing program, correct?

12 A. (White) Yes.

13 Q. This is a 20 month period that the Company is  
14 proposing. Why is the Company suggesting that the  
15 Commission approve a shorter time period for these  
16 programs?

17 A. (White) The Company is proposing to move from a program  
18 year that does not line up with the calendar year in  
19 this plan. And, the reason for doing that is, again,  
20 to make it more straightforward for us to be able to  
21 work more closely with the electric utilities, who do  
22 file program plans that are based on a calendar year.  
23 We thought that it would be too short of a period to  
24 propose something that just dealt with the months May

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 through December 2009, because we do think it's  
2 important to have some continuity of program services  
3 for our customers. And, so, we proposed to extend that  
4 through the end of calendar year 2010 to allow for  
5 better integration with planning efforts on the  
6 electric side, along with planning efforts on the gas  
7 side.

8 Q. What do you anticipate will happen for the calendar  
9 year 2011 with regard to the gas energy efficiency  
10 programs?

11 A. (White) The Company is hoping that we will be able to  
12 work closely with the CORE electric programs and the  
13 administrators of those programs, and that we will be  
14 able to file with the Commission a single energy  
15 efficiency plan that includes proposals related to both  
16 electric energy efficiency and gas energy efficiency  
17 starting with that time period.

18 Q. And, with regard to that anticipated filing, do you  
19 have any corrections that you want to make to the plan?

20 A. (White) Yes, I do. If you could please turn to, let's  
21 see, Page 53 of Exhibit 1. Near the bottom of the  
22 section on reporting, there is a section that is broken  
23 out that talks about the "Next Multi-Year Energy  
24 Efficiency Plan". And, it talks about the date for

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 that filing. The "October 15th" date should be changed  
2 to "August 31st".

3 Q. Thank you. Do have any other corrections or updates to  
4 the plan?

5 A. (White) No, I do not. I believe that Mr. O'Brien had  
6 some changes that he wanted to speak to.

7 Q. Okay. When, Mr. O'Brien, when you walk through the  
8 residential programs, I'll ask you to indicate any  
9 corrections or changes that you have. Ms. White, I'd  
10 like you to address the budget, because you have  
11 indicated that the total amount of spending that the  
12 Company is seeking is higher than originally proposed  
13 on March 12th, and certainly higher than the Company --  
14 the funding levels that the Company currently has  
15 approval from the Commission. Can you explain why it  
16 is that the Company is seeking this increased funding  
17 level?

18 A. (White) Yes. The Company has created a lot of momentum  
19 in its Gas Energy Efficiency Program effort during the  
20 most recent program year, where we have been successful  
21 in spending nearly all of the increased budget compared  
22 to the first two program years that were approved by  
23 the Commission. We see that there is a strong need for  
24 Gas Energy Efficiency Program services by our

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 customers. And, we would like to work with our  
2 customers so that they can realize the benefits of  
3 investing in gas energy efficiency and to be able to  
4 provide services that are more in line with what  
5 customer demand is for those services.

6 Q. Would you walk us through the amount of money that the  
7 Company is proposing to spend for Program Year One and  
8 Program Year Two?

9 A. (White) Yes. I am referring to Exhibit A, that is a  
10 part of Exhibit 1.

11 MS. THUNBERG: Can I just ask for a  
12 clarification, Ms. White? You're referring to "Exhibit A"  
13 and not "Appendix A" that immediately follows the text of  
14 the Plan?

15 WITNESS WHITE: That is correct. I'm  
16 looking at the projected program expenses, which are  
17 provided in Exhibit A to the Plan.

18 MS. THUNBERG: Thank you.

19 BY MS. KNOWLTON:

20 Q. When you're ready, I think what would be helpful to do  
21 is if you could walk us through for, just let's start  
22 with Program Year One, what the total budget is, and  
23 then explain how that breaks down by sector.

24 A. (White) If you look at the first page of Exhibit A, you

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 will see a summary of the proposed budget for  
2 residential and commercial and industrial programs for  
3 the period May 1st, 2009 through December 31st, 2009.  
4 The total budget for that period is \$2,815,786. That  
5 is split up between residential at \$1,579,226 and, for  
6 commercial and industrial customers, \$1,236,560.

7 If you turn to the second page of the  
8 exhibit, you will find information for Program Year  
9 Two. This covers the period January 1st, 2010 through  
10 December 31st, 2,010, and includes a proposed budget of  
11 \$4,986,415. That is split between residential  
12 customers with a budget of \$2,575,126, and commercial  
13 and industrial customers \$2,411,290.

14 Q. I note that on each of those pages the last column of  
15 each table refers to "Participant Goals". What are  
16 those numbers?

17 A. (White) That refers to the number of customers or the  
18 number of projects that are expected to be completed in  
19 each program during the year.

20 Q. And, is the budget more heavily weighted towards one  
21 sector than another?

22 A. (White) Yes. The proposed budgets that the Company is  
23 recommending for approval, and as supported through a  
24 settlement agreement, are a little bit heavy for

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 residential customers, compared to commercial and  
2 industrial customers, when looking at the percentage of  
3 sales in each of the sectors. However, the programs do  
4 reflect where we see a high level of demand for program  
5 services and where we think there is an opportunity to  
6 invest in energy efficiency that is cost-effective in  
7 New Hampshire. The Company has agreed, in its planning  
8 for the update for 2010 that we will be filing with the  
9 Commission this August, to have further discussions  
10 with Staff and the parties about the proposed budgets.  
11 And, we may propose a shift to address this at that  
12 point in time.

13 Q. Still looking at the tables in Exhibit A, you explained  
14 the total budget amounts and the participant goals.  
15 Can you describe the types of functions that are  
16 encompassed in the other columns on the table?  
17 Starting with the services, just explain each, what  
18 these headings mean.

19 A. (White) Yes. And, I will point out that there is  
20 additional information about the types of expenses that  
21 are included in our proposed budget in Appendix A, I'm  
22 sorry I just wanted to make sure I was referring to it  
23 correctly. I apologize for the combination of  
24 appendices and exhibits in the Plan. I think it will

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 be helpful for everybody involved if we work on  
2 improving that in our next filing. I realize it's a  
3 little bit confusing. But the cost categories are  
4 fully described in Appendix A. And, the budgets are  
5 provided using the gas, you know, the cost categories  
6 that everybody is used to looking at for the gas  
7 program budgets, as well as the categories that are  
8 used in the electric budgets. And, we're recommending  
9 that the practice of using consistent budget categories  
10 for the gas programs as the electric programs, you  
11 know, so that there's an understanding between similar  
12 kinds of expenses for the gas and electric programs,  
13 will be helpful on a going forward basis.

14 So, if we look at Appendix A, services  
15 are described. They include the costs associated with  
16 rebates paid to customers for implementing energy  
17 efficiency. This also includes services provided to  
18 customers, which includes things like energy audits,  
19 technical assessments, engineering studies, plans  
20 review, blower door tests, and so forth. "Vendor  
21 Administration and Support" includes the costs  
22 associated with vendors and contractors that the  
23 Company is working with to provide energy efficiency  
24 program services to our customers. The things that are

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1 included in this budget category includes things such  
2 as lead intake, customer service, rebate application  
3 processing, and, in some cases, tracking for the  
4 Company.

5 "Company Administration" includes the  
6 costs to administer the energy efficiency programs, and  
7 this includes staff salaries for people who are  
8 involved internal to the Company in delivering energy  
9 efficiency program services, as well as Company  
10 overhead.

11 "Communication" includes the promotion  
12 of energy efficiency programs. It's really our  
13 outreach and advertising effort. So, that includes the  
14 development of the collateral materials that we use to  
15 support program efforts, as well as bill stuffers and  
16 other advertising efforts.

17 "Trade Ally Training" includes all the  
18 activity associated with energy efficiency training and  
19 education of the trade ally community.

20 And, then, "Evaluation" --

21 Q. Can I stop you just for a minute?

22 A. (White) Sure.

23 Q. Can you explain, who are "trade allies"? How do they  
24 relate to these programs?

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1 A. (White) Sure. We work very closely with engineers who  
2 help to provide technical studies to customers. We  
3 work closely with the building community who are  
4 involved in actually either building, through new  
5 construction, new homes, where energy efficiency can be  
6 addressed, or who are involved in providing services  
7 within customer homes, in an effort to try to encourage  
8 these trade allies to make it their regular practice to  
9 make recommendations about energy efficiency when  
10 working in their fields, and so that they can work with  
11 the programs to help us to deliver services to  
12 customers.

13 The next budget category is "Evaluation  
14 and Reporting". These are -- These categories include  
15 efforts that are used to look at what is working and  
16 what can be improved within the programs, as well as  
17 activities that are undertaken to get a better  
18 understanding of the actual achieved savings through  
19 each of the programs. Reporting includes documentation  
20 of the costs and the savings in each of the programs  
21 and covers the various reporting commitments that the  
22 Company has made in its Plan.

23 And, then, "Other" includes things like  
24 database administration expenses and costs associated

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1 with the Low Income Program. When mapped to the  
2 Electric Cost Categories, this expenses is split  
3 between internal administration and external  
4 administration.

5 Q. Thank you. Do you anticipate that the Company will be  
6 able to spend at the proposed budget levels?

7 A. (White) I do. The Company has done a lot of work in  
8 creating a lot of demand for its program services. We  
9 have recognized that, given the economic downturn, that  
10 some additional outreach and marketing efforts may be  
11 required in order to achieve our goals. However, the  
12 Company is committed to achieving the goals in its  
13 Plan, and does think that we can spend this proposed  
14 budget and we will achieve the goals that are in the  
15 Plan.

16 Q. Thank you. Ms. O'Rourke, I'm going to turn to you now  
17 and ask if you can walk the Commission through the  
18 commercial and industrial programs that are proposed in  
19 Exhibit 1?

20 A. (O'Rourke) Sure. The commercial programs start off  
21 with our auditing services, and highlights kind of the  
22 three different levels that we offer customers: Energy  
23 assessments, custom assessments, and technical  
24 assistance. The next is "New Construction Services",

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1 highlights are kind of our New Construction Plan for  
2 gas customers.

3 And, then we move onto "incentives" or  
4 the rebate levels. We basically have two different  
5 types of an incentive, a prescriptive and then a  
6 custom. Prescriptive incentives, we've actually --  
7 we've broaden them, their share a little bit, to  
8 increase -- to increase incentive levels. They now  
9 include gas steamers and convection ovens.

10 On the custom level, we're actually --  
11 we have a couple new initiatives we're looking at. One  
12 being steam systems, and we're also proposing kind of a  
13 -- looking at commercial kitchens as a new initiative  
14 also.

15 Q. Can you just stop there and tell us a little bit more  
16 detail, and start with the steam initiative, and tell  
17 us about that?

18 A. (O'Rourke) Yes. The steam initiative, what we realize  
19 is there is a lot of opportunity there with these steam  
20 systems. So, what we're proposing to do is a cost  
21 split with the customer, where it's a 50/50 cost share,  
22 where we go for steam trap audits or assessments, where  
23 we actually partner with the company, go out there and  
24 identify what steam traps are not working and replace

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1           them. And, there's -- customers receive a 50/50 cost  
2           share for the assessment, along with the steam trap --  
3           the existing steam trap rebate that we have.

4   Q.    But, to get a little bit more detail on that, what kind  
5           of customers would have a steam trap?

6   A.    (O'Rourke) Typically, steam systems, we're looking at a  
7           little more manufacturing, but also we've worked with  
8           hospitals in the past. And, we currently have a  
9           hospital that we're talking to in New Hampshire that is  
10          looking to go forward with this, and also schools. So,  
11          when you look at -- we see a lot of -- a fair amount of  
12          schools and hospitals that have steam systems, along  
13          with industrial.

14   Q.    And, I interrupted you, I apologize.

15   A.    (O'Rourke) You want me to continue?

16   Q.    Yes, continue. And, can you tell us little bit more  
17          detail about the new proposal as to -- you said the  
18          fryers?

19   A.    (O'Rourke) Yes, the kitchen, kitchen equipment. Like I  
20          say, we've added to it, we have fryers. That's  
21          something that actually started out in our, haven't  
22          gotten to it yet, but Building Practices and Technology  
23          Demonstration Program a while back, where we look for  
24          new or under used technologies. We found out that this

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1 is something that we wanted to incorporate into our  
2 current rebate program. So, we have high-efficiency  
3 fryers. We work with Pitco, which is located in  
4 Concord. They were very helpful in getting us --  
5 actually helping us out with that demonstration  
6 project. But we've also increased -- we're really  
7 looking at enhancing the Kitchen Program this last  
8 year, and continuing to, because we realize the amount  
9 of energy use per square foot is about three to four  
10 times what the average other customer, commercial  
11 customer uses.

12 Q. To whom are you marketing that program and how do you  
13 go about doing that?

14 A. (O'Rourke) We are actually -- we've done direct  
15 mailing, but we've actually partnered with, like, the  
16 restaurant associations in the different states. We're  
17 out there, we actually speak at a lot of events, have  
18 done Webinars. A lot of the manufacturers, the company  
19 reps we partnered with that we let them know about our  
20 rebates, and we work closely with them. And, so, when  
21 they work with customers, the reps are knowledgeable  
22 about our rebates and incentives.

23 Q. So, this would cover fast food restaurants, as well as  
24 other types of restaurants?

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[WITNESS PANEL: White|O'Brien|O'Rourke]

- 1 A. (O'Rourke) Fast food, we've actually worked with a  
2 couple of the larger fast-food chains to get  
3 high-efficiency broilers, across both our Massachusetts  
4 and New Hampshire territories, to work with -- like get  
5 it as a spec for the whole, with the franchise, but we  
6 work with both local and nationally-owned companies.
- 7 Q. You can continue with your description of the  
8 commercial and industrial programs please.
- 9 A. (O'Rourke) Okay. We're continuing with our solar  
10 initiative this year. We, actually, we're working with  
11 one large company in New Hampshire here, we have, and  
12 looks like it's going to be complete this next year, of  
13 actually a solar.
- 14 Q. Can you describe that project in a bit more detail  
15 please?
- 16 A. (O'Rourke) Yes. It is, oh, on the top of my head, it's  
17 the yogurt place, it's at the top of my head --
- 18 A. (White) Stonyfield.
- 19 A. (O'Rourke) Stonyfield, that's it. Sorry about that.  
20 It's Stonyfield. Where actually they're implemented a  
21 solar thermal application and they're incorporating a  
22 couple other measures, too, in that. I believe there  
23 might be some absorption cooling in that project. But  
24 it's something we've been working with Stonyfield.

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1 And, it's been -- the project has been pushed back a  
2 couple of times, but it looks like it's going to be  
3 completed here in 2009.

4 Q. Are there other elements to the commercial/industrial  
5 programs that you have not described?

6 A. (O'Rourke) At a high level there, you know, incentives  
7 are the prescriptive and the custom. We have a couple  
8 different other programs that incorporate the same  
9 measures for the most part. One is "Economic  
10 Redevelopment", which is both it's -- basically it's  
11 enhanced rebate incentives for customers that has a --  
12 that have a positive community impact. So, we're  
13 talking city and town buildings, like libraries,  
14 schools, and also other projects, like housing  
15 authorities, where there is an extra economic need to  
16 get the project rolling, where the projects wouldn't  
17 happen if we didn't have this extra incentive. And,  
18 they need to actually have to pre-qualify with us, you  
19 have to fill out a questionnaire.

20 And, then we have "Building Practices  
21 and Technology Demonstration", which I touched on a  
22 bit. And, that's where we look for new or under used  
23 technologies. We do extra monitoring with them. We  
24 also get feedback from the customer if this actually

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 works, if it's something they like, and see if it's  
2 something we would want to incorporate in our new  
3 program, in the rebate schedule.

4 Q. Can you give us an example of a type of technology that  
5 has tried and been effective and funded through this  
6 program?

7 A. (O'Rourke) Absolutely. One of these technologies I  
8 mentioned earlier is the high-efficiency fryers way  
9 back. We actually work with the -- we found a customer  
10 test site, worked with the manufacturer, to actually  
11 get real testing data in a live kitchen and to get the  
12 feedback, whether this is something that we want to  
13 proceed with. There's also been a few times when  
14 infrared pizza oven that we worked with that wasn't so  
15 great, that we decided not to -- that's something that  
16 we don't want to proceed with in the future.

17 Q. And, why would that be?

18 A. (O'Rourke) A lot of it, the savings weren't there.  
19 And, the cooking time was not practical for a  
20 commercial facility.

21 Q. You can continue with identifying the programs.

22 A. (O'Rourke) Okay. What we also have is Building  
23 Analyzer, which is an online audit tool, where a  
24 customer can get a quick overview of how their building

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1 is using energy in areas that they could work with us  
2 to reduce that, and also offers rebates, where they  
3 could receive incentives. So, identifies possible  
4 incentives and areas where they could save energy.

5 Q. And, if you would turn to Page 5 of Exhibit 1, there's  
6 a table on that page, "Table-II: Energy Efficiency  
7 Programs". Do you see that?

8 A. (O'Rourke) Yes.

9 Q. Are all of the programs that you've just described in  
10 that table?

11 A. (O'Rourke) Yes. One thing, the one that -- the  
12 Commercial High-Efficiency Heating and Water Heating  
13 Program, that's a prescriptive program, it's a separate  
14 program in the filing, I should identify that. But  
15 it's a prescriptive program that includes  
16 high-efficiency heating, boilers, furnaces, infrared  
17 heaters and water heating, like indirect and tankless  
18 water heating. So, --

19 Q. Customers receive rebates if they purchase those types  
20 of equipment?

21 A. (O'Rourke) Yes, they do.

22 Q. Okay. And, what do you mean by "prescriptive"?

23 A. (O'Rourke) "Prescriptive" means no pre-approval. I  
24 like to correlate that to when you get -- when you buy,

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1 say, a cellphone, and you get a \$50 cash rebate, you  
2 send that in, you get a check back. Where custom, we  
3 actually have to model the measure for savings, and we  
4 have to run it through to see if it's cost-effective.  
5 Where, at the prescriptive rebates, we've already run  
6 it through the cost-effective tool and got an average  
7 deemed savings for it, the particular measure.

8 Q. So, in those cases, the customer can go out and decide  
9 that they want to purchase the equipment, and then just  
10 submit to the Company the information to obtain a  
11 rebate?

12 A. (O'Rourke) Yes.

13 Q. How do you market those programs to customers so that  
14 they know to go buy the energy efficiency equipment?

15 A. (O'Rourke) We actually work with the trade allies a  
16 lots on that. Our internal -- Our internal reps, we  
17 also work with them. We're involved in a variety of  
18 organizations. GasNetworks was the collaboration of  
19 all the gas companies in New England, which has been  
20 very active. We're focusing on trainings, working with  
21 manufacturers to actually promote our rebates and  
22 incentives at these trainings.

23 Q. And, do you know whether there's -- how are the rebate  
24 levels set? Are you familiar with that?

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 A. (O'Rourke) Are you talking prescriptive rebates?

2 Q. Yes, for prescriptive rebates. And, if you don't know  
3 the answer to that, I don't know if Ms. White knows the  
4 answer to that.

5 A. (O'Rourke) I'm thinking Carol probably has a better  
6 idea.

7 A. (White) In general, when we're looking at setting the  
8 rebates for particular measures within the programs,  
9 when we're talking about prescriptive rebates, what  
10 we're trying to do is we're trying to find that sweet  
11 spot, if you will, where we can overcome the cost  
12 barrier to a customer investing in the energy efficient  
13 technology, but not pay more than we have to. And, so,  
14 sometimes there's a little bit of trial and error  
15 before we settle down on a particular incentive for a  
16 particular measure, where we might try to dial down the  
17 incentive and we see what customer response is in that  
18 case. In some cases, we find that participation falls  
19 off significantly if we try to lower an incentive. In  
20 other cases, we see that participation does not fall  
21 off, and we don't have to spend as much to get  
22 customers to move forward. At some point, and for  
23 certain measures, we may find that we can dial down the  
24 rebate to a low enough level that it really suggests

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1 that a rebate is no longer needed and that we have had  
2 success in getting customers to adopt the efficient  
3 practice or the use of that technology as standard  
4 practice. And, so, when we get to that point in time,  
5 then we look at eliminating a particular measure or a  
6 rebate from the programs.

7 An example of that in our Plan are  
8 windows that we're proposing to continue to offer  
9 rebates for the remainder of 2010, along with the other  
10 utilities that participate in GasNetworks -- I mean,  
11 I'm sorry, in 2009. And, then, in 2010, we are  
12 proposing to eliminate rebates for ENERGY STAR windows,  
13 because we're seeing signs that these are commonly  
14 installed and that a rebate will no longer be needed  
15 beyond this program year.

16 Q. And, that's -- Ms. O'Rourke, is there anything further  
17 that you want to describe about the commercial and  
18 industrial programs or have you hit all the major  
19 themes?

20 A. (O'Rourke) I think we hit it, the major stuff.

21 Q. Okay. I think that's a good segue, Mr. O'Brien, to the  
22 residential programs. Still looking at the table on  
23 Page 5, why don't you walk us through each of those  
24 program offerings?

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 A. (O'Brien) Okay. The Residential High-Efficiency  
2 Heating, Water Heating, and Controls Program is a  
3 program where we provide incentives for customers to  
4 purchase high-efficiency equipment. Making customers  
5 aware of high-efficiency gas heating equipment controls  
6 and energy savings achievable, increasing the market  
7 sector awareness, the demand for high-efficiency gas  
8 heating equipment and controls, and facilitating the  
9 purchase of this equipment. In addition to providing  
10 training to trade allies, such as plumbing and heating  
11 contractors, and increasing trade ally awareness of the  
12 benefits of high-efficiency gas heating.

13 The levels, the rebate levels that you  
14 see here are established in conjunction with  
15 GasNetworks. Annually, GasNetworks performs an  
16 evaluation and determines what levels are needed for  
17 these particular programs. And, as Carol mentioned,  
18 one of the items that came out of a draft of the most  
19 recent survey was the fact that ENERGY STAR windows is  
20 now becoming code. So, they will be dropped at the end  
21 of this year.

22 Typically, any changes to the rebate  
23 levels occur in September of the year, which would be  
24 September of '09, if -- once GasNetworks determines

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 that changes should be made, they're implemented before  
2 the heating season. Included are boilers, burners,  
3 steam boilers, high-efficiency furnaces with ECM  
4 motors, a \$100 incentive on furnaces -- I'm sorry, on  
5 the motors, excuse me, a \$300 incentive -- there's a  
6 \$300 incentive for indirect water heaters. And, we've  
7 added a \$50 rebate for efficiency -- high-efficient  
8 storage water heaters. This is, as Katie mentioned,  
9 this is a prescriptive program, where customers replace  
10 their equipment with models that meet this, the  
11 criteria in this chart here, and we provide a rebate.  
12 We also provide rebates for \$25 per ENERGY STAR labeled  
13 programmable thermostat, with a limit of two per home,  
14 and \$100 for boiler reset controls, exterior boiler  
15 reset controls.

16 We have the New Home -- excuse me, it's  
17 allergy season. Okay, let's try it. New Home  
18 Construction with ENERGY STAR -- excuse me. National  
19 Grid will continue to support its energy efficient new  
20 home construction through New Hampshire New Home  
21 Construction with ENERGY STAR Program. It's designed  
22 to encourage builders to construct their homes to a  
23 higher level of energy efficiency beyond standard code  
24 requirements. And, we offer a combination of utility

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 incentives geared specifically to home buyers and  
2 builders, incentives which promote the construction of  
3 homes that meet ENERGY STAR Home Efficiency Guidelines.  
4 The objective is to transform the residential new  
5 construction market to build homes that are designed  
6 beyond code expectations and meet stricter guidelines  
7 for energy efficiency. In 2009, we realize the impact  
8 that the economy has on new construction, so we  
9 continue to train and promote this program to the  
10 building trades and to, again, plumbers and other  
11 people that may be involved in building new homes.

12 Q. So, are you saying that the Company -- have you  
13 adjusted the participation levels based on economic  
14 downturn for this particular program?

15 A. (O'Brien) Yes. Yes.

16 Q. And, I assume that's adjusted downward?

17 A. (O'Brien) Yes.

18 Q. Thank you. If you would continue with the next  
19 program.

20 A. (O'Brien) As you can see, the New Energy -- the New  
21 Home Construction also provides free building plans  
22 review prior to implementation. So, the program takes  
23 a builder/homeowner or home builder from the design  
24 phase, right through the construction phase, providing

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 services to those clients, whether they be the builders  
2 or the homeowners who are building the homes on their  
3 own.

4 Q. And, would this apply just to single family homes or  
5 other types of homes?

6 A. (O'Brien) Single family homes, and multi-family homes  
7 as well.

8 Q. So, for example, a condominium project?

9 A. (O'Brien) Yes.

10 Q. Thank you.

11 A. (O'Brien) And, the Residential Weatherization Program,  
12 we've, again, we've included in this the Window Rebate  
13 Program, which will be ending after 2009. On the  
14 Weatherization Program, we have changed the way the  
15 program was initially implemented in the past. We are  
16 now -- We have now determined that, instead of just  
17 providing a rebate for customers who install  
18 insulations in their homes, we decided to integrate  
19 weatherization with the Home Audit Program. So, we  
20 have decided that, in order for a customer to take  
21 advantage of our weatherization or insulation  
22 incentives, they must first have a home audit  
23 performed.

24 Q. What does that home audit entail?

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[WITNESS PANEL: White|O'Brien|O'Rourke]

- 1 A. (O'Brien) The home audit will look at the customers'  
2 homes to determine what upgrades can be installed  
3 within that customer's home. They provide education at  
4 the time of the audit. They will provide what we call  
5 "instant savings measures", they may install some  
6 shower heads, aerators, they show the customer how to  
7 weatherstrip a window, all the while looking for  
8 opportunities. If, during the home audit, it's  
9 determined that the home could use insulation, these  
10 auditors that we're using are trained so they know if  
11 the home can -- would benefit from air sealing, which  
12 is preventing air from leaking in and cold air from  
13 leaking in and the warm air from leaking out. If the  
14 home is determined -- if it's determined that the home  
15 is a good candidate for these measures, the auditor  
16 will perform a combustion safety test on the heating  
17 equipment to ascertain whether that home can be  
18 tightened. If it's determined that the heating system  
19 is not in the best operating order, the customer will  
20 be informed of this and told to have somebody come in  
21 and check out their heating system, to make sure that  
22 it's operating properly. And, once it's operating  
23 properly, then we can proceed with the other measures.  
24 Q. What would those other measures include?

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 A. (O'Brien) It would include air sealing the home, it  
2 would include -- every home that would need air sealing  
3 would receive air sealing free of charge. Insulation  
4 measures that were proposed, the customer would be --  
5 would be directed toward a list of approved insulation  
6 contractors that's maintained by the Company to go out  
7 and secure competitive bids for the insulation work.  
8 These contractors are trained in the Building  
9 Performance Institute manner of home energy auditing  
10 and installations, and they have passed a certification  
11 exam. So, they're certified home energy auditors. To  
12 look at safety, as well as insulation levels and what  
13 procedures they can install or perform at the home.

14 National Grid had provided training to  
15 these contractors in 2008, and we have a list of four  
16 or five that have passed that certification, and they  
17 will be on this new list of customers. We will  
18 encourage all other insulation contractors to take  
19 advantage of BPI training, which will be offered in  
20 conjunction with the electric and gas utilities in New  
21 Hampshire through Manchester Community College  
22 beginning this summer.

23 Q. What are the benefits of the BPI training?

24 A. (O'Brien) It teaches the auditor/installer mostly

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 safety, mostly how to leave a home as safe as possible.  
2 What you can and can't do, it looks at the CO2 levels  
3 of the heating system, it looks at ventilation  
4 problems, it looks for moisture, it looks at the house  
5 as a system, in terms of health and safety.

6 Q. Do you anticipate that there will be enough contractors  
7 with this BPI certification to be able to serve the  
8 number of participants that the Company projects for  
9 this program?

10 A. (O'Brien) Yes, we do.

11 Q. How do customers become familiar with this particular  
12 program?

13 A. (O'Brien) Through direct mail, our website, would be  
14 directed to our websites. The insulation contractors  
15 that are out in the field, again, the trade allies will  
16 be bringing this to the attention of their customers.  
17 If somebody is contacted, say "I need some insulation."  
18 "Well, here's the program you should go through."  
19 Again, advertising, big advertising plans, that may  
20 include print, may include radio. As we move forward  
21 with these programs, we will use many, many of  
22 different media to make these programs available and to  
23 bring attention to these programs for our customers.

24 Q. And, there are no -- for this particular program, there

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 is no means testing income requirements for the  
2 program?

3 A. (O'Brien) There's no -- I'm sorry?

4 Q. No income requirements --

5 A. (O'Brien) No.

6 Q. -- for the program?

7 A. (O'Brien) No.

8 Q. It's available to any residential customer of the  
9 Company?

10 A. (O'Brien) If a customer were income-eligible, that  
11 customer would be referred to the Low Income Program  
12 for similar services.

13 Q. And, what is the total dollar amount that a customer  
14 could be eligible for under this program?

15 A. (O'Brien) For Weatherization, keeping it in line with  
16 the CORE electric programs, there's a maximum of  
17 \$4,500. And, the Company will pay 75 percent of the  
18 cost of the insulation work and the Company will pay  
19 100 percent of the cost of the air sealing work.

20 Q. Actually, I'm looking, if you look at Page 5, and the  
21 table refers to "\$4,000 for 1 to 4 unit homes", is it  
22 4,000 or 4,500?

23 A. (O'Brien) It's 4,000; 4,500 for Low Income. I'm sorry.

24 Q. Thank you. Does that complete your description of the

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1 Residential Weatherization Programs?

2 A. (O'Brien) No.

3 Q. Okay. Please continue then.

4 A. (O'Brien) As a description of the -- actually, a  
5 combination of the audit and Weatherization Program.  
6 In the latest document, Exhibit 1, we had added a  
7 multifamily segment under both programs. And, we would  
8 provide these services to multifamily facilities  
9 containing five or greater dwelling units that are  
10 individually metered. The program delivery is a little  
11 bit different. The contractor that would be  
12 implementing the program for us would be responsible  
13 for the entire program, from the -- from performing the  
14 audit, putting the bid packages and contracts together,  
15 we would require that vendor to go out to bid for major  
16 measures, which we would consider as air sealing and  
17 insulation for these homes. We would encourage them to  
18 use the BPI certified contractors that are on our list  
19 as the bidders. Once the job is completed, they would  
20 be responsible for QA, so everything would be  
21 coordinated through that one entity. So, that's how  
22 the two differ.

23 Q. And, who is the customer in that case? Is it the  
24 individual residential unit, the person who resides in

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1 the unit, or is it -- or are these landlord/tenant?

2 A. (O'Brien) Yes. It would be one, a single entity. It  
3 would be the owner, it would be the management company,  
4 it would be the condo board, a member of the condo  
5 board, if it were condominiums, and that entity would  
6 be responsible for signing the contract with our  
7 contractor.

8 Q. And, what is the benefit of designing the program that  
9 way, instead of working with each of the individual  
10 unit owners?

11 A. (O'Brien) Time, and expenses. It's easier and more  
12 cost-effective to deal with a single entity, and that  
13 entity, in turn, deals with the individual tenants or  
14 owners.

15 Q. Is it also possible then, in that kind of circumstance,  
16 if you were working with the individual unit owners,  
17 that one unit owner might decide to proceed and others  
18 may not, so you wouldn't capture the whole building?

19 A. (O'Brien) Correct. And, then, another one may come in,  
20 and then another one, and you're sending people back  
21 every single time. This is a model that has been in  
22 place on the electric side in New Hampshire for about  
23 12 to 13 years.

24 Q. Okay.

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- 1 A. (O'Brien) And, the incentive is a little bit different.  
2 For the weatherization, we would pay 50 percent, up to  
3 \$750 per dwelling unit. This is consistent with other  
4 multifamily programs that we have in New England.
- 5 Q. Has does that 50 percent rebate level compare to the  
6 rebate level for residential weatherization programs?
- 7 A. (O'Brien) The one to four-unit is 75 percent of the  
8 total cost.
- 9 Q. And, this is 50 percent?
- 10 A. (O'Brien) And, the multifamily, is 50 percent.
- 11 Q. Why is there a difference?
- 12 A. (O'Brien) Again, it's consistent with the other  
13 multifamily programs that we have that we're operating  
14 in New England. It works on a multifamily side. It  
15 doesn't appear to work on the single family side.
- 16 Q. Okay.
- 17 A. (O'Brien) And, our hope would be to have one, have one  
18 percentage, as we move forward and combine -- plan on  
19 combining with the electric companies, which are at  
20 75 percent.
- 21 A. (White) If I can just add to this a little bit. This  
22 is an example of where we're looking at "what is it you  
23 really need to pay to make the project work?" And, for  
24 single family consumers, we have learned that we need

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1 to increase the rebates, compared to where they were in  
2 the past, which is why we're proposing to pay  
3 75 percent of the cost for someone who lives in a one  
4 to four-unit home.

5 When we're looking at multifamily, where  
6 the units are individually metered, there is a split  
7 incentive. Where the tenant is paying their gas bill,  
8 and the owner of the multifamily complex may not have  
9 any perceived benefit of moving forward. We've looked  
10 at where we need to set the incentive to overcome that  
11 barrier, so that these tenants, who are paying the gas  
12 bill, can realize the benefits of the Energy Efficiency  
13 Program services, and, at the same time, make it high  
14 enough so that the owner is willing to move forward  
15 with the project. And, we've had some experience on  
16 the electric side to see that setting the incentive in  
17 this way is sufficient to get that movement.

18 Q. Thank you. Mr. O'Brien, would you like to describe the  
19 Audit and Home Performance Program?

20 A. (O'Brien) Sure. We have divided that program into what  
21 we're calling "Tier 1" and "Tier 2". And, in many  
22 cases, through articles in the newspaper or public  
23 information announcement, people are instructed to call  
24 for an energy audit. And, in many cases, the people

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1 just call because they're instructed. In this program,  
2 with the combined Audit and Weatherization Program,  
3 we're trying to get to the customers who are willing to  
4 actually install some measures in their homes. So, the  
5 Tier 1 is basically a screening call to ascertain if  
6 the customer is interested in moving forward. Or, if  
7 the customer is just interested in finding some  
8 information about a specific item, "can you tell me  
9 something about windows?" Well, they would be referred  
10 to different websites that would have that information  
11 for them, and there wouldn't -- a home visit would not  
12 be required. But the customer that says "Really, my  
13 bills are high. I really want this. I know my house  
14 is drafty." Then, they would move to the second tier,  
15 which would be the home assessment, as previously  
16 described. Where they would get an education on what  
17 they can do to save energy in their homes, and also a  
18 home inspection to determine what measures could be  
19 installed.

20 Q. Are these programs described on Page 18 of Exhibit 1?

21 A. (O'Brien) Yes, they are.

22 Q. I think that, actually, do you have any changes or  
23 corrections that you want to make to that aspect of the  
24 Company's filing?

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1 A. (O'Brien) Yes.

2 Q. What are those? Can you identify exactly which page  
3 you're looking at and where on that page?

4 A. (O'Brien) I'm looking at Page 18. Actually, I'm  
5 looking at the redline. Let me make sure it lines up.

6 Q. Maybe look at Page 15?

7 A. (O'Brien) Actually, it's Page 16 in Exhibit -- Page 16  
8 in Exhibit A.

9 Q. Exhibit 1?

10 A. (O'Brien) Exhibit 1, I'm sorry, yes. Exhibit 1.

11 Q. Which paragraph are you looking at?

12 A. (O'Brien) The paragraph that begins with "Major  
13 measures will include attic insulation, wall  
14 insulation, basement", that information -- that  
15 paragraph, excuse me. Okay. That paragraph, and the  
16 following paragraph, "The Company will pay 50 percent  
17 of the cost of installed measures", should be moved to  
18 "D. Weatherization Residential Program", Page 19,  
19 under the heading -- under the new heading "Five or  
20 more units" -- "Five or more unit homes individually  
21 metered units". It is actually -- It actually  
22 describes the multifamily piece of the Weatherization  
23 Program. That, when we moved the weatherization  
24 language out of the Audit Program, we inadvertently did

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1 not move that.

2 Q. Thank you. Would you describe the "Residential  
3 Building Practices and Demonstration Program" please.

4 A. (O'Brien) Yes. The purpose of this program is to  
5 explore and demonstrate new and underutilized energy  
6 efficiency practices and equipment that can enhance a  
7 home's overall energy savings potential. It allows the  
8 Company to support new and/or advanced energy saving  
9 technologies installed by residential customers.  
10 Through the program, we will continue to explore  
11 renewable energy for water heating, advanced home  
12 heating systems, insulation and building envelope  
13 techniques, new home construction practices. Marketing  
14 of the program will rely on networking with industry  
15 developing or offering new and underutilized natural  
16 gas efficiencies, as well as working with other  
17 interested organizations, such as the Office of Energy  
18 and Planning Renewable Energy Program, Massachusetts  
19 Technology Collaborative, Northeast Sustainable Energy  
20 Association, and the U.S. Green Buildings Council's  
21 Leadership in Energy and Environmental Design.

22 From this program, we have moved the  
23 Outdoor Reset Control measure under the heating system,  
24 was once a residential demonstration program, that

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1 measure has moved into the portfolio of measures that  
2 we provide to our customers.

3 Q. And, is that because you're able to take that  
4 technology and demonstrate its efficacy such that it  
5 reached a certain level of acceptance that --

6 A. (O'Brien) Yes.

7 Q. -- that a rebate was appropriate?

8 A. (O'Brien) Yes.

9 Q. Thank you. Moving onto the Low Income Program, do you  
10 have sufficient familiarity with those programs to  
11 describe them?

12 A. (O'Brien) I can describe them, yes.

13 Q. Okay.

14 A. (O'Brien) The Residential Low Income Program offers  
15 weatherization service to income eligible customers up  
16 to 200 percent of the Federal Poverty Level Guidelines.  
17 The Residential Low-Income Program currently allows  
18 eligible customers to receive up to \$4,500 in  
19 qualifying measures at no cost to the customer.  
20 Whenever possible, program funds are leveraged with  
21 Department of Energy weatherization and participating  
22 electric utility funding. And, the customer -- the  
23 Company continues to seek out opportunities to  
24 strengthen its relationships with State-administered

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1 weatherization programs, and other utility-administered  
2 programs, in order to leverage funds.

3 We work with the New Hampshire Community  
4 Action Program people to help identify these customers.  
5 The program is implemented by the New Hampshire  
6 Community Action Program vendors. The Company holds  
7 quarterly meetings with these agencies, along with our  
8 -- the Company's program administrator, which is Action  
9 Energy, to improve program implementation, address  
10 questions, emerging concerns, and to assure that the  
11 program goals are being met.

12 The Local Income -- the Low Income  
13 Weatherization internet website, *www.weatherize.net*,  
14 continues to be a valuable tool. This website serves  
15 as a central information source for all of the agencies  
16 and for the Company personnel associated with the  
17 program. Through the program, customers can receive  
18 insulation, air sealing, and heating system upgrades at  
19 no cost leveraging different funding sources.

20 Q. And, who conducts the eligibility facet of these  
21 programs?

22 A. (O'Brien) The Community Action Agencies.

23 Q. Thank you. Ms. White, I'd like for you to address how  
24 the Company coordinates gas and electric efficiency

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1 programs?

2 A. (White) The Company has been working with its electric  
3 colleagues to try to make program services seamless for  
4 a customer who, obviously, has electric service and who  
5 also has gas service. And, so, we've embarked on a  
6 process where we are sharing leads with the electric  
7 utilities that also serve our gas customers. We have  
8 been working with the electric utilities to provide  
9 training. Mr. O'Brien, I believe, referred to the work  
10 we're doing at the Manchester Community College.  
11 That's something that we're working on together with  
12 the electric utilities. We're actively participating  
13 in the regular meetings that the CORE electric  
14 utilities hold, so that we can better communicate with  
15 each other and share experiences, and work towards  
16 working even more closely together to have better  
17 coordination between the electric and gas services.

18 Q. So, if a customer calls and is interested in energy  
19 efficiency programs, is it possible that they might get  
20 referred to their electric company as well?

21 A. (White) Yes.

22 Q. That that would be by your customer service  
23 representatives?

24 A. (White) Our customer service representatives and our

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1 program management team will provide that kind of  
2 service. And, in addition, the electric utilities are  
3 providing leads to us, where our customers can benefit  
4 from the gas programs that we're offering.

5 Q. Thank you. Ms. White, I'd like you to now turn your  
6 attention to the Shareholder Incentive Mechanism that  
7 you identified earlier. Would you walk us through how  
8 that works?

9 A. (White) Yes. Okay. I am looking again at Exhibit 1.  
10 I will be referring to the chapter that talks about the  
11 Shareholder Incentive Mechanism, as well as Exhibit D.  
12 So, the chapter about "Shareholder Incentive" begins on  
13 Page 53. And, as noted on Page 53, the proposed  
14 Shareholder Incentive Mechanism is consistent with  
15 various orders that the Commission has issued with  
16 respect to shareholder incentives related to the  
17 delivery of Energy Efficiency Program services. The  
18 incentive is one that is performance-based and looks at  
19 results by sector, with one component related to  
20 savings and one component related to  
21 cost-effectiveness. The target Shareholder Incentive  
22 is equal to 8 percent of the Company's program budgets,  
23 excluding shareholder incentives, and is capped at  
24 12 percent. It works with a sliding scale. And, as

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1 long as threshold performance under either  
2 cost-effectiveness or savings is achieved, the Company  
3 has earned the right to collect a Shareholder Incentive  
4 from its customers.

5 If you turn to Exhibit D, in Exhibit 1,  
6 you will find more detail about the specific  
7 accomplishments that the Company must achieve in order  
8 to earn a Shareholder Incentive, related to the  
9 remaining months of calendar year 2009 and in 2010. As  
10 you can see, the incentive does break out targets by  
11 sector, and it spells out what the accomplishments need  
12 to be for both cost-effectiveness and for savings  
13 within the sector in order to achieve the incentive.  
14 And, it also delineates what the cap is within each of  
15 the sectors.

16 Q. The proposed budget for the first year is based on a  
17 May 1st, 2009 start date. Obviously, we're past May  
18 1st. Is the Company requesting approval to spend the  
19 money in this budget for Program Year One through the  
20 end of December of this year, despite the fact that  
21 it's slightly shorter than eight months?

22 A. (White) Yes.

23 Q. And, do you believe that the Company can spend those  
24 funds during that period of time?

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1 A. (White) We think we can do that.

2 Q. Would you now address how the Company evaluates its  
3 energy efficiency programs?

4 A. (White) Yes. Evaluation is also addressed in the Plan  
5 in Exhibit 1. The discussion about evaluation begins  
6 on Page 50. In general, the Company conducts some sort  
7 of evaluation for all of its programs every year. We  
8 look closely to make sure that we've got reasonable  
9 assumptions to support savings. We look for any  
10 updated information that may be available on a  
11 secondary basis that can inform our planning and the  
12 amount of savings that we would propose to count from  
13 individual measures or program efforts. We participate  
14 in studies to look at measuring post installation what  
15 the actual achieved savings are. Those are called  
16 "impact evaluations". And, in our evaluation, after we  
17 talk about two studies looking at impacts, we are  
18 planning to conduct both an impact evaluation and a  
19 process evaluation of the Low Income Program working  
20 with Northern Utilities.

21 In this case, well, in all cases, a  
22 process evaluation is really looking at the different  
23 elements of the program's implementation effort with a  
24 view towards improving how the services are delivered,

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1 and also looking at assessing customer satisfaction  
2 with different elements of the program. We're always  
3 looking at ways to make the programs better, and we're  
4 going to be focusing on that with our Low Income  
5 Program.

6 Q. Can I ask you a question about that?

7 A. (White) Yes.

8 Q. On the process side of the evaluation, would that  
9 include looking at how customers become aware of the  
10 programs and their availability?

11 A. (White) Yes. We're also looking at conducting an  
12 evaluation of the Residential High-Efficiency Heating  
13 Program. A great deal of savings for our energy  
14 efficiency portfolio do come through that program.  
15 And, we think it's important to go out and see what the  
16 savings customers really are achieving is out in the  
17 field. We'll be working with the other GasNetworks'  
18 participants to conduct that study. Generally, what  
19 we're looking at when we conduct any of our evaluation  
20 studies is trying to identify whether there are  
21 partners we can work with where we'll be able to  
22 conduct the studies more cost-effectively than if we  
23 have to conduct the study independently. And, so, this  
24 is an example where we expect to be able to work with

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1 the GasNetworks utilities, including Northern  
2 Utilities, to conduct this evaluation.

3 Q. Can you give me an example of, you know, how that study  
4 would work, in terms of, you think going out to measure  
5 the particular savings associated with the installation  
6 of equipment, would that be going to a customer site?

7 A. (White) When we're looking at an impact evaluation, we  
8 generally tailor the method to the particular  
9 technology that we're looking at. The Company  
10 anticipates, in conjunction with the other GasNetworks  
11 utilities, going out to bid, to hire an independent  
12 consultant to conduct the evaluation study. We're  
13 currently anticipating that we may be able to conduct  
14 this evaluation through a billing data analysis.  
15 However, we are also inviting bidders to provide us  
16 with a recommendation about an alternative evaluation  
17 approach, if they think such an approach is likely to  
18 produce better results through the study. And, by  
19 "better results", I mean something that is a better  
20 representation of the real savings that customers are  
21 achieving.

22 Q. When will the results from those two studies be  
23 available?

24 A. (White) We anticipate that the results from these

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1 studies will be completed sometime in 2010.

2 Q. Thank you. You've already identified some of the  
3 elements of the reporting requirements that the Company  
4 is proposing in the Plan. Would you walk us through  
5 the remaining features of that?

6 A. (White) Yes. We've addressed four categories of  
7 reporting in our Plan. The first refers to "Quarterly  
8 Reports". The Company currently has a practice of  
9 reporting on a monthly basis to the Commission. We are  
10 proposing to move towards quarterly reports, which is  
11 the practice that the electric utilities use in this  
12 state. The quarterly reports that we're proposing to  
13 provide will still provide information by month about  
14 program expenses, and will also include information  
15 about participation and savings in each of the  
16 programs. We anticipate that, by moving to a quarterly  
17 report, we'll see some administrative cost savings,  
18 while still providing important information about how  
19 well the programs are working.

20 We are proposing to provide the  
21 Commission with updated program plans for 2010 by  
22 August 31st of this year. The Company is looking  
23 forward to working closely with the parties to get  
24 their input about those plans before we file the update

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1 with the Commission in August. We selected the August  
2 date so that, again, it will line up better with the  
3 planning cycle that the electric utilities are using,  
4 and so that there will be sufficient time for all of  
5 the parties involved in the process to be able to work  
6 with us to make sure that we're making adjustments that  
7 really do make sense and serve the needs of consumers  
8 in the states.

9 The next report is the "Shareholder  
10 Incentive Report". This really refers to two separate  
11 filings that we'll be making with the Commission. By  
12 April 15th of 2010, the Company plans to file with the  
13 Commission the results of its program efforts for the  
14 2009 period, and to document the amount of shareholder  
15 incentive, if any, that the Company can document that  
16 it is entitled to earn as a result of its program  
17 implementation effort. A similar report, focusing on  
18 our efforts from 2010, will be filed with the  
19 Commission by April 15th, 2011.

20 And, then, the final reporting  
21 requirement has to do with the next Multi-Year Plan.  
22 We're hoping that it indeed will be a Multi-Year Plan,  
23 and we expect to file it by August 31st of 2010. Our  
24 expectation and our hope is that we will be able to

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1 file jointly with the other gas and electric utilities  
2 in this state when we do file that Multi-Year Plan, so  
3 that the better integrated efforts between electric and  
4 gas and the full range of energy efficiency services  
5 that will be available to consumers in the state, we'll  
6 be able to consider it as a package by the Commission.

7 Q. Are you anticipating that that would be for -- the  
8 Company is going to submit its own proposal, and would  
9 Northern Utilities have a separate proposal?

10 A. (White) We are in discussions with the other utilities,  
11 as well as with the parties, and we're hoping that  
12 there will be a single filing that will include  
13 proposals from all of the utilities in the state,  
14 including Northern Utilities. However, I do not feel  
15 comfortable committing Northern Utilities to do that.  
16 They need to speak for themselves.

17 Q. If you would now turn to what's been marked as "Exhibit  
18 4". Do you have that before you?

19 A. (White) Yes, I do.

20 Q. Would you identify what this document is?

21 A. (White) Exhibit 4 provides information about customer  
22 bill impacts related to the increased budgets that we  
23 have proposed for Energy Efficiency Program efforts.  
24 It has two pages. The first page includes information

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1 about the current Energy Efficiency Budget. It then  
2 addresses the proposed funding for the period May  
3 through December of 2009 and January 2010 through  
4 December 2010.

5 If you turn to Page 2, on Page 2 of this  
6 exhibit provides information about the expected bill  
7 impacts, looking at the typical residential heating  
8 customer and looking at the typical small commercial  
9 heating bill. For Residential Heating customers, this  
10 exhibit shows that the monthly increase for the period  
11 November 2009 through October 2010 is expected to be  
12 \$2.81. And, for the period November 2010 through  
13 December 2010, that bill impact is expected to be  
14 \$1.10. For the typical Small Commercial Heating  
15 customer, a G-41 customer, the expected bill impact for  
16 the period November 2009 through October 2010 is  
17 expected to be 75 cents per month. And, for the period  
18 November through December 2010, it is expected to be  
19 \$1.15 per month.

20 Q. Thank you. If you would now turn to what's been marked  
21 as "Exhibit 3", the Settlement Agreement. Are you  
22 familiar with this document?

23 A. (White) Yes, I am.

24 Q. And, you're aware that the Company is a signatory to

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1 this agreement?

2 A. (White) Yes, I am.

3 Q. If you would turn to Page 7 of the Agreement please.

4 Can you identify the commitments that the Company has  
5 made under program budgets with regard to any changes  
6 in the program budgets?

7 A. (White) Yes. In agreement with the parties to the  
8 Settlement, National Grid has agreed that it will have  
9 discretion to shift up to 20 percent of the budget for  
10 any approved non-Low Income Energy Efficiency Program  
11 to one or more non-Low Income Programs without  
12 Commission approval, provided that the transfer remains  
13 within the same customer sector. We have agreed that  
14 National Grid will not have the discretion to transfer  
15 funds to or from the Low Income Programs without first  
16 seeking approval from the Commission to do so. We have  
17 agreed that we will advise the Commission in writing if  
18 the expenses for any program year are expected to be  
19 over or under approved amounts by 20 percent. And,  
20 that the non-utility settling parties do retain the  
21 right to challenge those types of requests made with  
22 the Commission.

23 Q. And, would you, if you look at Page 8, there's a  
24 section on "Program Budget Reconciliation", would you

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1 explain how that provision works?

2 A. (White) Yes. This paragraph describes the  
3 reconciliation process that is followed each year,  
4 where any over or under expenditures within a customer  
5 sector are carried forward to the next year's budget.  
6 And, what we're saying is we are committed to spending  
7 these dollars within the sector. And, if we're unable  
8 to do it or we go over that amount in a particular  
9 year, we'll reflect that adjustment in the next year's  
10 budget.

11 Q. And, I'm not going to ask you to go through the  
12 provisions in the Agreement that are identical to the  
13 provisions in the Plan, for example, the Shareholder  
14 Incentives and the term and the reporting requirements.  
15 But I would ask you, if you turn to Page 11, there are  
16 two reporting requirements that, in Paragraph 6 and 7,  
17 that are not contained in the Plan. Would you describe  
18 what the Company is committing to here?

19 A. (White) Yes. In Number 6, the Company is committing to  
20 continue the reporting practices currently in place  
21 with the Community Action Agencies, OEP, and The Way  
22 Home. This includes quarterly and annual progress  
23 reporting about Low Income Program efforts. We have  
24 also agreed to continue to meet with Staff and the

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1 parties to discuss whether these reports need to be  
2 modified.

3 In Number 7, we have agreed to continue  
4 to meet quarterly with the Community Action Agencies,  
5 OEP, and The Way Home, to discuss the quarterly and  
6 annual reports and the progress of the programs. We  
7 are committed to continue to work with the parties on a  
8 quarterly basis. And, we note that these meetings are  
9 open to Staff, OCA, and all of the parties.

10 Q. If you would turn to Page 12 please. Would you --  
11 Section K addresses the current programs, demand-side  
12 management programs that have been approved by the  
13 Commission. What happens under this paragraph to any  
14 funds, you mentioned that the Company is slightly  
15 underspent for the current program cycle, what happens  
16 to those funds under this agreement, under this  
17 proposal?

18 A. (White) Those funds will roll forward into the next  
19 program year.

20 Q. With regard to the Shareholder Incentive, can you  
21 explain -- you've explained how it works, but there's  
22 two attachments to this Settlement Agreement, 1 and 2.  
23 I believe those relate to the Shareholder Incentive.  
24 Can you explain to us what those attachments are?

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1 A. (White) Yes. These attachments are examples of the  
2 files that the Company will provide when it files  
3 results for its Shareholder Incentive. Attachment 1  
4 documents, on a program-by-program basis, actual  
5 expenditures by program and the key attributes that  
6 need to be addressed on a program-by-program basis, and  
7 the summary at the sector level, which is where  
8 performance is assessed for the Shareholder Incentive  
9 to document actual performance in the program year.

10 If you look at Attachment 2, Attachment  
11 2 is a template that Staff has asked us to complete in  
12 support of what we file for our earned Shareholder  
13 Incentive. It provides Staff with a template where it  
14 can, in a straightforward way, confirm that the  
15 Shareholder Incentive has been calculated in accordance  
16 with the approved mechanism.

17 Q. Are you aware that the Settlement Agreement recommends  
18 that the Commission approve the Plan that is contained  
19 in Exhibit 1?

20 A. (White) Yes.

21 Q. And, do you believe that approval of that Plan would be  
22 reasonable and in the public interest?

23 A. (White) Yes, I do. The Plan is clearly designed to  
24 provide benefits in excess of costs to consumers in the

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1 State of New Hampshire. It will result in consumers  
2 using less natural gas than they otherwise would if the  
3 programs were not made available to them. It will help  
4 them to manage resources better, to manage their gas  
5 bills, and will add to environmental benefits within  
6 the state. And, we think it's an important package of  
7 services to be offered to customers here.

8 MS. KNOWLTON: Thank you. I have no  
9 further questions for the witnesses.

10 MS. THUNBERG: And, Staff was going to  
11 pick up with direct at this point, since we're a signatory  
12 to the Settlement Agreement.

13 CHAIRMAN GETZ: Okay. Well, let's take  
14 a recess at this point, and we'll resume at 11:00.

15 (Whereupon a recess was taken at 10:50  
16 a.m. and the hearing resumed at 11:08  
17 a.m.)

18 CHAIRMAN GETZ: We'll resume the  
19 hearing, and turn to Ms. Thunberg.

20 MS. THUNBERG: Thank you.

21 BY MS. THUNBERG:

22 Q. Ms. White, I'd like to start off with a question of you  
23 please. And, this relates to the five or more unit  
24 homes or units that are metered individually, that

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1 section of the Plan. And, when there is a multiunit  
2 building, and you have part of the tenants that are low  
3 income and part of the tenants that are not low income,  
4 can you just please describe how the costs will be  
5 segregated and accounted for?

6 A. (White) Yes. In a multifamily facility, there is a  
7 determination about the number of units that qualify as  
8 low income. If at least 50 percent of the units are  
9 low income, then the program is treated through the Low  
10 Income Program and the costs are directed to the Low  
11 Income Program, and the entire facility is counted as  
12 low income. If less than 50 percent of the units are  
13 occupied by low income consumers, then the program  
14 where that facility is treated is the Weatherization  
15 Program, and the costs are accounted for in that  
16 non-Low Income Program, as well as, you know, the costs  
17 and the savings.

18 Q. Thank you. I next have a question about Economic  
19 Redevelopment. I forget who was -- thank you,  
20 Ms. O'Rourke. I don't know that you need to turn to  
21 Page 39 on the Plan, which is Exhibit 1. But the  
22 general question that I have is, with respect to the  
23 Economic Redevelopment Programs, are they  
24 cost-effective under the Total Resource Cost test to

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1 your acknowledge?

2 A. (O'Rourke) Yes, they are. They are run through the TRC  
3 Test.

4 A. (White) And, if I can just add to that. In the  
5 Economic Redevelopment Program, the incentives do not  
6 cover more than the cost of the measure. So, under a  
7 Total Resource Cost Test, when you look at both the  
8 customer contribution and the part of the costs that's  
9 covered through collections from customers through the  
10 utility's program through the incentive, it still comes  
11 out to be cost-effective. It's just that there is an  
12 enhanced incentive for participants in that program.

13 A. (O'Rourke) On the commercial side, there's a maximum,  
14 that we max out at 50 percent of the project cost. For  
15 existing building, it's \$100,000; for new construction,  
16 it's \$250,000.

17 Q. I'm sorry, can you repeat that last number?

18 A. (O'Rourke) It's \$250,000 for new construction and it's  
19 \$100,000 for existing buildings.

20 Q. Thank you. Ms. White, I have another question for you.  
21 And, I'm recalling your testimony earlier this morning  
22 when you were looking at Exhibit A of the Plan, the  
23 projected program expenses, and Attorney Knowlton was  
24 walking you through how, by sector, residential was

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1 taking up more of the budget than the commercial and  
2 industrial. Do you remember that discussion?

3 A. (White) Yes. Yes, I do.

4 Q. And, do you remember that you mentioned that the  
5 Company would be willing to continue discussions with  
6 the parties and Staff with respect to how much of the  
7 budget residential and C&I should comprise?

8 A. (White) Yes.

9 Q. Now, I have a -- just to go one more detailed step to  
10 that, with respect to Low Income, is it your  
11 understanding or is the Company willing to also discuss  
12 how much of the budget Low Income will comprise?

13 A. (White) Yes. The Company is willing to discuss all of  
14 these allocations with the parties. We think that our  
15 customers benefit from the input that we're able to get  
16 from all of you, and that we end up with an improved  
17 plan that meets the objectives that the State has for  
18 energy efficiency and serves customer's needs by doing  
19 that.

20 Q. Okay. And, I just have one follow-up question on this  
21 budget. This budget that's presented here in Exhibit A  
22 is not intended to be precedence for any future  
23 programs, such as the ones that are going to start in  
24 2011?

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1 A. (White) That's true.

2 Q. Now, Ms. White, I would like you to turn to Exhibit C  
3 of Exhibit 1. And, if you could just let me know when  
4 you have it before you.

5 A. (White) I have it in front of me.

6 Q. I just want some clarification. With respect to the  
7 last or the two columns on the right, the "Annual  
8 Savings Per Participant" and the column entitled  
9 "Source of Annual Savings", do you see those two?

10 A. (White) Yes, I do.

11 Q. Now, Staff is interpreting that the savings referenced  
12 here have been used to develop -- or, have been used to  
13 develop the proposed savings of the Plan. And, is that  
14 a correct assumption on Staff's part?

15 A. (White) Yes, it is.

16 Q. And, that the savings referenced in this exhibit will  
17 be used to calculate the actual savings when the  
18 Company files its actual performance reports in  
19 April 2010, is that correct?

20 A. (White) Yes, that is correct.

21 Q. Ms. White, do you have Exhibit 5 in front of you?

22 A. (White) Yes, I do.

23 Q. And, have you seen this exhibit before?

24 A. (White) Yes, I have.

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1 BY MR. CUNNINGHAM:

2 Q. This exhibit was very helpful. I appreciate the  
3 Company providing this in the course of our  
4 discussions. Thank you.

5 A. (White) You're welcome.

6 Q. I have just several questions that I'd like to  
7 highlight that pertain to this exhibit. With respect  
8 to the Low Income Programs, the column headed up  
9 "2007-2008 Actuals" shows a cost per MMBtu of \$2.64,  
10 cost per MMBtu saved. The cost in the "2009 Projected  
11 Year-End" is \$3.86, cost per MMBtu saved. Could you  
12 share with us why that cost is going up?

13 A. (White) Yes. We have tried to address the reason for  
14 these cost increases in the notes that are included at  
15 the bottom of the table. The increased cost in 2009  
16 and in the proposed Plan takes into account the  
17 additional cost of serving units that were treated in  
18 2007-2008 with rate refund dollars. And, we've also  
19 looked at adding the individually metered multi-family  
20 component to the Low Income Program. And, that  
21 accounts for some of the increased cost as well.

22 Q. Thank you. The next question I have pertains to the  
23 programs footnoted with a Footnote 2. These are the  
24 High-Efficiency Heating, Advanced Controls, and

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 High-Efficiency Water Heating Programs?

2 A. (White) Yes.

3 Q. The composite cost per MMBtu saved is \$1.37 in the  
4 2007-2008 program year, and then it jumps the \$2.30 in  
5 the projected year-end 2009 program year. Could you  
6 share with us the reasons for that increase?

7 A. (White) The equipment that is offered through this  
8 program has been going up in price. And, the mix of  
9 the types of measures that are offered on the specific  
10 units has changed a little bit and does have a higher  
11 cost associated with it.

12 Q. Thank you. And, the next question I have pertains to  
13 the 2009 Projected Year-End versus the 2009 8-month  
14 Plan. And, it pertains to the programs, the  
15 Weatherization, ENERGY STAR, and Residential Energy  
16 Analysis: Internet Audit Programs. In the 2009  
17 Projected Year-End, the cost per MMBtu saved for those  
18 three programs is \$1.22 per MMBtu. And, that jumps to  
19 \$2.92 in the 2009 8-month Plan. Can you share with us  
20 the reasons for that increase?

21 A. (White) Yes. The Weatherization Program, including  
22 windows, the internet audit, and air sealing, reflects  
23 the addition of the air sealing services, which will be  
24 offered to customers at no large charge to them.

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1 That's expected to have a cost of \$650 per participant.  
2 It also includes enhanced incentives for customers in  
3 one to four-unit homes, while we're proposing to  
4 increase the incentive to 75 percent of cost. And, it  
5 also includes the addition of the multifamily  
6 component, where individually metered multifamily  
7 facilities that are not low income customers, as I  
8 previously described, will be served through the  
9 program, and that leads to an increase in cost as well.

10 Q. Great. Thank you. The last question I have on  
11 Exhibit 5 pertains to the C&I programs. And, in the  
12 program year 2007-2008 actuals, the costs were 22 cents  
13 per MMBtu saved, and that cost for that collection of  
14 C&I programs jumped to \$1.41 per MMBtu saved. Could  
15 you share with us the reasons for that increase?

16 A. (White) The explanations for the price increases are  
17 provided at the bottom of this exhibit, in notes 6, 7,  
18 and 8. And, we note that the commercial/industrial  
19 programs include services for master metered  
20 multifamily facilities, that we're seeing a greater  
21 emphasis and a greater demand for high-efficiency  
22 heating equipment. And, in particular, in the most  
23 recent program year, we saw a very high demand for  
24 high-efficiency heating equipment, compared to what was

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1 typical in previous years.

2 And, in addition, as a result of the  
3 high demand for those services, we were able to  
4 negotiate the actual incentives paid for some of those  
5 installations and were able to provide a lower  
6 incentive in some cases that we do not think we're  
7 going to necessarily be able to do in the coming years,  
8 since fuel prices have come down compared to where they  
9 were during the recent program year.

10 And, in addition, if I can refer you to  
11 Footnote 8, which is provided in association with the  
12 Building Practices and Demonstration Program. The  
13 increased cost in the Plan does account for two  
14 projects, which are expected to have a cost of  
15 approximately \$200,000 that are expected to be  
16 completed at the end of the fourth quarter. These  
17 projects, and when I say "Q4", I guess I should say the  
18 fourth quarter of the recent program year, not the  
19 calendar year. I referred to these earlier as projects  
20 that we submitted for payment near the end of April,  
21 but actually did not hit the books until may. And, so,  
22 that is accounting for some of the increase in costs as  
23 well.

24 A. (O'Rourke) I'd also just like to add that, during that

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1 time period, in 2007-2008, our custom rebate incentive  
2 level was a dollar per therm, where this last program  
3 year that just ended it's actually \$2.00 per therm.  
4 So, we actually enhanced our rebates a bit during that  
5 time. We also partnered -- we did more partnerships  
6 with training. So, programs were broader and deeper  
7 during that time period also.

8 MR. CUNNINGHAM: Thank you. I'd just  
9 like to add to Footnote 8, apologize for this error in  
10 reproducing this exhibit, I think the Commission might  
11 have the final line missing a few words. If you refer to  
12 the final line in this exhibit, it's Footnote 8, it says  
13 "one project being done jointly", and it ends there. I'd  
14 just like to finish that sentence for the Commission.

15 MS. THUNBERG: And, Staff will supply a  
16 corrected version of Exhibit 8 for the record.

17 WITNESS WHITE: I think you meant  
18 "Exhibit 5".

19 MS. THUNBERG: I'm sorry, Exhibit 5, to  
20 reflect the full Footnote 8. Thank you. Thank you,  
21 Ms. White.

22 MS. THUNBERG: Well, maybe for  
23 efficiency sake, if you would like to hold off, I -- oh,  
24 you have found it. Okay. Because all the parties have

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1 seen this exhibit, but please.

2 MR. CUNNINGHAM: "One project being done  
3 jointly with PSNH is taking longer to complete." And,  
4 that's the wrap-around piece that we failed to give the  
5 Commission. We apologize for that.

6 CHAIRMAN GETZ: Thank you.

7 MR. CUNNINGHAM: And, that's it. Thank  
8 you.

9 WITNESS WHITE: Thank you.

10 MS. THUNBERG: Mr. Chairman, Staff is  
11 finished with its direct. But, during the break we  
12 consulted with the other parties, and it was agreed that  
13 OCA, even though it would be cross, would go next, and  
14 then the remaining settling parties, if that's acceptable?

15 CHAIRMAN GETZ: That's fine. I don't  
16 anticipate we have too much of a problem in this  
17 proceeding between friendly and hostile cross.

18 MS. THUNBERG: Okay.

19 MS. HATFIELD: That's correct.

20 CHAIRMAN GETZ: So, Ms. Hatfield.

21 MS. HATFIELD: Thank you very much,  
22 Mr. Chairman.

23 CROSS-EXAMINATION

24 BY MS. HATFIELD:

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 Q. I would like actually to follow up first on the  
2 questions that Mr. Cunningham was asking you,  
3 Ms. White, and that was with respect to Exhibit 5.  
4 And, I believe during the technical session that we had  
5 in this docket, the Company also expressed that, and  
6 please correct me if I'm wrong, but I think that the  
7 Company also expressed that one of the reasons for the  
8 increase in cost per MMBtu saved also related to source  
9 documents that the Company is using to document  
10 savings, is that correct?

11 A. (White) Yes. It is the case that, whenever the Company  
12 is developing its plans, the Company conduct some  
13 research to determine if there is new information  
14 available about expected savings from a particular  
15 measure or from a program. And, in some cases, the  
16 expected savings that are reflected in Exhibit C show  
17 lower savings for particular measures than what were  
18 included in prior plans. And, that also accounts for  
19 some of the increase in the cost of savings.

20 Q. And, in 2007-2008, was that the year that National Grid  
21 purchased KeySpan, so there was a change in the  
22 management of the programs?

23 A. (White) I apologize, I'm trying to think. It seems  
24 like we've been working together forever. The teams

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[WITNESS PANEL: White|O'Brien|O'Rourke]

- 1 have integrated quite well. And, I guess we're coming  
2 up on about two -- is it one year or two years now?
- 3 A. (O'Brien) Two years in July.
- 4 A. (O'Rourke) Two years.
- 5 A. (White) Two years, yes. We're at about two years. So,  
6 that's right.
- 7 Q. Thank you. I also wanted to follow up on some  
8 questions about Exhibit 4, which is the bill impact  
9 analysis. Could you turn to that please?
- 10 A. (White) I have that.
- 11 Q. And, the Settlement Agreement, I'd also like to refer  
12 to that, which is Exhibit 3, on Page 10, in Section I,  
13 Paragraph 3, of the Settlement. The Parties to the  
14 Settlement agreed that the Company will "confer with  
15 Staff and the parties regarding the allocation in its  
16 budget for residential and commercial/industrial  
17 programs." Are you familiar with that provision?
- 18 A. (White) Yes. I'm sorry, but which page was it that you  
19 were on?
- 20 Q. Page 10.
- 21 A. (White) Okay.
- 22 Q. And, it's Paragraph 3.
- 23 A. (White) Okay.
- 24 Q. Now, although the Parties and Staff have agreed to

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1 discuss allocations of the budget, is it not true that  
2 each sector, those being residential and then  
3 commercial/industrial, they actually pay the costs for  
4 their respective efficiency programs themselves?

5 A. (White) Yes, that's true. And, that is a difference  
6 from how costs are collected on the electric side,  
7 where all customers pay the same amount per  
8 kilowatt-hour.

9 Q. So, we can see that actually in Page 2 of Exhibit 4,  
10 which shows that there is actually a different LDAC  
11 efficiency rate that's applied for residential  
12 customers versus C&I customers, is that correct?

13 A. (White) Yes.

14 Q. So that the discussion that you're planning to engage  
15 in relates really to the overall spending of efficiency  
16 programs, and I just want to be clear that it's not  
17 suggesting that there's a subsidy of one sector of  
18 another?

19 A. (White) That is correct.

20 Q. Thank you. I'd like to turn to --

21 MS. HATFIELD: And, I apologize to the  
22 Commissioners, but I'm going to be referring to the  
23 redline version of what was provided Friday, and that's  
24 been marked as "Exhibit 2". So, my pagination will

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1 reflect the pages in Exhibit 2, not, unfortunately,  
2 Exhibit 1.

3 BY MS. HATFIELD:

4 Q. And, Ms. White, if you could turn to Page 3 of  
5 Exhibit 2.

6 A. (White) I'm on that page.

7 Q. And, Table 1 appears there. Do you see that?

8 A. (White) Yes, I do.

9 Q. And, I'd like to draw your attention to the "Evaluation  
10 and Reporting" line. And, it appears that in both  
11 years the funds for evaluation have been reduced quite  
12 significantly in 2009, and then also reduced in 2010.  
13 Could you explain why the Company has reduced amounts  
14 for Evaluation and Reporting?

15 A. (White) In examining the proposed budgets for this  
16 20-month period, and after consulting with the parties,  
17 the Company took a much closer look at all of its  
18 proposed budgets, and has made changes in many of the  
19 programs. And, in adjusting the proposed budgets, the  
20 Company has identified that fewer resources will be  
21 required to achieve the objectives that it has agreed  
22 to achieve for Evaluation and Reporting in its Plan.

23 Q. And, the budgets for Evaluation and Reporting, those  
24 are found in each individual program area, is that

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1 correct?

2 A. (White) Yes.

3 Q. Would the Company be willing to consider developing a  
4 separate Evaluation and Reporting Budget when we  
5 discuss the programs that will begin on January 1st of  
6 2011?

7 A. (White) Yes.

8 Q. Thank you. On Page 5, where the Company begins the  
9 overview of the programs, the Company states, this is  
10 about halfway down the paragraph in Section II, the  
11 Company states that it "has developed programs that  
12 address a wide variety of energy efficiency  
13 opportunities for natural gas customers." Could you  
14 just briefly discuss, given that we've established that  
15 these programs are developed and funded differently  
16 from the CORE programs, in that we don't have a fixed  
17 budget. Would you just briefly discuss how the Company  
18 determines what are appropriate budgets and what are  
19 the efficiency opportunities in this state?

20 A. (White) There's really two questions you've asked me to  
21 address here. Let me start with the latter question.  
22 In looking at what are the opportunities for energy  
23 efficiency, the Company has considered several sources  
24 of information. Those sources of information include

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1 the recently completed technical potential study that  
2 looked at opportunities both in electricity and in  
3 natural gas in the State of New Hampshire.

4 In addition, we have taken into account  
5 comments that we hear from our customers and the trade  
6 allies that we work with about where the opportunities  
7 are and where customers are asking for services. And,  
8 so, we try to take all of that intelligence into  
9 account when we develop our proposed budget. In  
10 addition, we look at how the current programs are  
11 actually operating and what the level of demand for  
12 program services actually is. And, we try to take into  
13 account what we can do in this particular case to  
14 sustain the current increased demand for program  
15 services.

16 In looking at the proposed budgets, once  
17 we have determined the level of service that we think  
18 customers are looking for, and that we can  
19 realistically serve given the limitations of the  
20 contractor infrastructure and other aspects that need  
21 to be considered when you're looking at expanding  
22 programs, we work from the bottom up to develop how  
23 much money is really needed to provide these services  
24 to customers. So, we identify how many customers we

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1 think we can serve in a particular program, and we look  
2 at what the cost of serving each individual participant  
3 is likely to be. And, we also take into account the  
4 activities that we think we'll need to conduct for  
5 outreach, to make sure that we can cover the cost of  
6 our staff that are involved in providing program  
7 services and for evaluation and reporting.

8 Q. Mr. O'Brien, I'd like to turn your attention to  
9 Exhibit 2, again, that's the redline version of the  
10 Plan, and have you look at Page 15, which provides the  
11 table that describes the "New Home Construction with  
12 ENERGY STAR Program".

13 A. (O'Brien) Okay. I have it.

14 Q. And, if you look at the redline, you can see the  
15 changes that the Company has made from the original  
16 filing. And, my question is, it looks like  
17 participants have only dropped by a few numbers of  
18 participants, but yet the budgets have decreased  
19 significantly. And, so, I'm wondering what  
20 corresponding changes have you made in the ENERGY STAR  
21 Homes Program such that the -- by my rough math, it  
22 went from a per unit cost of about \$7,000, down to  
23 eight (\$800) or \$900 per home?

24 A. (O'Brien) In the initial Plan, we had proposed to

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1           implement a "Zero Energy Homes Challenge". And, after  
2           looking at the budget numbers, we decided to remove  
3           that element, which accounted for about \$100,000. We  
4           looked at the infrastructure, and trying to take into  
5           account administrative costs, trying to -- and we did  
6           lower the administrative cost a bit also in the  
7           program, because the program has established a good  
8           working relationship moving forward, and we would like  
9           to just maintain that relationship during these  
10          economic times.

11   Q.     So, it is possible for a new home to be ENERGY STAR  
12           with those low levels of expenditure per home at this  
13           seven (\$700) to \$800 range?

14   A.     (O'Brien) Yes.

15   Q.     Turning to the ENERGY STAR Energy Audit and Home  
16           Performance Program, Mr. O'Brien, is it fair to say  
17           that, from the customer perspective, you could think of  
18           this program in conjunction with Weatherization as  
19           almost three tiers, and bear with me here, but I'm  
20           really trying to understand it from a customer  
21           perspective, that you could -- that you might call the  
22           Company and receive educational information, that would  
23           be Tier 1, is that correct?

24   A.     (O'Brien) Correct.

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1 Q. And, then, Tier 2 would be a visit, and you could  
2 receive air sealing, is that correct?

3 A. (O'Brien) Not on the first visit. The first visit  
4 would look at the home to determine what measures would  
5 apply, the installation of the measures that would  
6 apply to that home. That proposal would be given to  
7 the customers or a report saying this is what we will  
8 do here. And, then, at that point the customer would  
9 decide to move forward.

10 The second visit would be to perform air  
11 sealing, and a more in-depth analysis of the home. The  
12 air sealing would include pre and post blower door  
13 training and post safety inspection of the heating  
14 system. At that point, the customer would be given the  
15 report that would give the estimated cost for the other  
16 measures. The customer would be -- we would give to  
17 the customer the list of qualified contractors and  
18 encourage the customer to seek bids for the other  
19 insulation work that was recommended through the audit.

20 So, in terms of the audit, it's two  
21 visits. In terms of -- In terms of the audit, it's two  
22 visits, and, in terms of installations, it could be any  
23 number. It could be a visit by people installing  
24 windows for the Rebate Program, it could be a new

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1 heating system, it could be insulation. So, the audit  
2 is basically two-part.

3 Q. Thank you. That's very helpful. Now, just to be clear  
4 on something that you clarified earlier, the 50 percent  
5 rebate is under the multifamily and the 75 percent is  
6 the single family or the one to four-unit, is that  
7 correct?

8 A. (O'Brien) That's correct.

9 Q. And, I think at least one witness has testified that  
10 the 75 percent rebate is an increase over current  
11 programs, is that correct?

12 A. (O'Brien) Correct.

13 Q. What is the current or the 2006 through 2009 multi-year  
14 program, what was the rebate for the Weatherization  
15 Program?

16 A. (O'Brien) Initially, it was 20 percent. And, then, as  
17 we trained contractors in the BPI protocols, those  
18 contractors, because they provide more services, which  
19 included air sealing, we allowed a 50 percent  
20 co-payment. And, it was a blend. Most of it was  
21 20 percent.

22 Q. So, the Company's proposing to go from 20, up to 75?

23 A. (O'Brien) Correct.

24 Q. And, what are -- what percentage do you offer in the

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 other jurisdictions where you offer efficiency  
2 programs?

3 A. (O'Brien) In Massachusetts, it's 75 percent. And, in  
4 Rhode Island, it's 50 percent.

5 Q. When a customer receives the audit results and the  
6 recommendations for what would be cost-effective, can  
7 they choose to install some measures and not others?

8 A. (O'Brien) They could. They could install whatever  
9 measures they wanted. But, if they wanted to install  
10 any insulation measures, they would have to have the  
11 air sealing performed first.

12 Q. And, I believe earlier that you testified that there  
13 were five BPI certified contractors in New Hampshire,  
14 is that correct?

15 A. (O'Brien) Four or five, yes.

16 Q. And, in the Company's view, that's sufficient at this  
17 time to meet the goals under this program?

18 A. (O'Brien) Initially, starting out, yes. But there are  
19 other trainings being scheduled at Manchester Community  
20 College this summer. And, there are -- actually, there  
21 are other -- there are probably three other contractors  
22 that went through the training and are certified that  
23 are not participating in our program at this point.

24 Q. On Page 58 of Exhibit 2, under the "Outreach and

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1           Communication" section, you describe the "Building  
2           Operator Certificate Program". Do you see that?

3           A.     (O'Rourke) Yes.

4           Q.     How does that program relate to the BPI certification,  
5           if at all?

6           A.     (O'Rourke) This is actually for commercial buildings.  
7           And, it's a -- it's a nationally recognized standard  
8           for operating and maintenance of commercial buildings.  
9           So, it's much more of a commercial focus than  
10          residential.

11          Q.     On Page 21, over to 22, within the Residential  
12          Weatherization Program, the Company states there that  
13          you're "requiring a BPI certification", and that you'll  
14          "provide contractors with a percentage of reimbursement  
15          incentives for training and the purchase of required  
16          diagnostic tools." Are those -- Are costs for training  
17          and the tools that you're subsidizing, are those  
18          included in the Residential Weatherization Program  
19          Budget?

20          A.     (O'Brien) Yes, they are.

21          Q.     And, is there any requirement if a contractor receives  
22          ratepayer funds for training or for tools, are there  
23          any requirements that they must participate in the  
24          programs or provide services under your programs?

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1 A. (O'Brien) Going forward, the program -- the training is  
2 a joint utility program sponsored by the electric  
3 utilities and gas utilities. And, anybody that  
4 participates in -- through the training and becomes  
5 certified will be eligible to work on any of the  
6 programs.

7 Q. But would it be --

8 A. (White) And, just to further Bob's response, we -- the  
9 Company is not requiring contractors who participate in  
10 this program to also participate in its other energy  
11 efficiency program efforts. So, the answer to your  
12 question is "no", they will not be required to  
13 participate in the Company's programs.

14 Q. So, it's possible that a contractor could be trained  
15 and receive tools, diagnostic tools paid for by  
16 National Grid's ratepayers, but they wouldn't be  
17 required to use the training or the tools to serve  
18 ratepayers?

19 A. (O'Brien) Correct.

20 A. (White) And, it's also the case that consumers in the  
21 state will benefit from these contractors receiving  
22 this training and the tools by being able to realize  
23 improved services in their homes, whether or not the  
24 services are provided through the program.

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 Q. Could the Company provide just a breakdown or a figure  
2 within the Residential Weatherization Program for how  
3 much is allocated to training and purchase of tools?

4 A. (O'Brien) I don't have that number.

5 Q. Could the Company provide it if I made a record  
6 request?

7 A. (O'Brien) Yes.

8 Q. Thank you.

9 CHAIRMAN GETZ: Well, let's reserve  
10 Exhibit 6 for the answer to that record request.

11 (Exhibit 6 reserved)

12 MS. HATFIELD: Thank you.

13 BY MS. HATFIELD:

14 Q. Also on Page 21, in the first full paragraph on that  
15 page, it states that "It is the responsibility of the  
16 installation contractor to submit and complete  
17 incentive applications." Do you see that, Mr. O'Brien?

18 A. (O'Brien) Yes.

19 Q. Does that mean that the customer is only responsible  
20 for their co-pay? They don't have to pay the entire  
21 amount up front and then seek a rebate from the  
22 Company?

23 A. (O'Brien) The customer would be required to pay the  
24 full amount, and a rebate would be applied to the

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1 customer, back to the customer.

2 Q. So, if the customer is taking advantage of  
3 weatherization in the amount of \$4,000, they will have  
4 to pay that full amount before the work would be done?

5 A. (O'Brien) Correct.

6 Q. Is that how it works on the electric side for National  
7 Grid, do you know?

8 A. (O'Brien) In New Hampshire?

9 Q. Yes.

10 A. (O'Brien) It's a different program, different delivery  
11 mechanism. And, it's -- again, it's totally integrated  
12 with the contractor that is providing the services.  
13 They're responsible for all of the installations, and  
14 the customer is only responsible for its portion,  
15 because the installation contractors are under contract  
16 to the general contractor. So, the money flows through  
17 the general contractor. On the gas side, it's  
18 independent contractors that are going about their  
19 business as usual.

20 Q. And, has the Company considered that that might be a  
21 major barrier for a homeowner to be able to write a  
22 check for \$4,000 in order to participate in the  
23 program, despite the fact that they would get  
24 75 percent back? Has the Company thought about that as

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1 a barrier?

2 A. (O'Brien) No, not really. The average job runs about  
3 \$2,000. And, it's not usually up to four; \$1,500,  
4 \$2,000. And, the customer can work with the contractor  
5 to handle that rebate one way or another, but we have  
6 not really determined that we would hold that payment  
7 from the customer.

8 A. (White) And, it is the case that, if we see that this  
9 is a barrier to customers participating in the program,  
10 that the Company will attempt to fix that and propose  
11 an alternative way of dealing with disposition of the  
12 rebate. However, at this point in time, we think that  
13 we have proposed a robust program design.

14 Q. And, why wouldn't the Company have it follow the same  
15 approach as on the electric side, where the customer is  
16 only responsible for their co-pay, rather than the  
17 whole up-front amount?

18 A. (O'Brien) Again, the insulation contractors that  
19 provide these services to the electric heat customers  
20 are subcontractors to the contractor that manages our  
21 program.

22 Q. But why wouldn't the Company use the same approach on  
23 the gas side?

24 A. (O'Brien) We are trying to get some stimulation out in

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 the market with the contractor to get more contractors  
2 involved.

3 Q. Do you know how long it takes typically for the rebates  
4 to be processed and paid to the customer?

5 A. (O'Brien) About 45 days.

6 Q. With respect to the multifamily, the greater than  
7 five-unit or five-unit and greater program, and the  
8 fact that the Company has made some adjustments in how  
9 that will be funded and administered, is it fair to  
10 assume that, within the low income budget, there are  
11 funds allocated or they're -- you've assumed a certain  
12 number of multifamily units that will be low income?

13 A. (O'Brien) Yes.

14 Q. So, within the participant goals in the Low Income  
15 Program, that that would include some of those  
16 multifamily?

17 A. (O'Brien) Correct.

18 Q. And, with respect to low income jobs, whether they're  
19 single family or multi, will you continue to work with  
20 the Community Action Agencies, so that they get the  
21 right of first refusal on performing those jobs?

22 A. (O'Brien) Yes. They will be responsible for all of  
23 those jobs.

24 Q. Ms. White, you previously testified about the Company's

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 evaluation and reporting plans. Do you recall that?

2 A. (White) Yes.

3 Q. And, on Page 60 of Exhibit 2, the Company lays out some  
4 of the details about what it's planning. Can you refer  
5 to that please?

6 A. (White) I'm on Page 60.

7 Q. And, here you discuss an impact evaluation of the low  
8 income weatherization program. But I believe earlier  
9 in your testimony you stated that there would be  
10 "impact evaluation and a process evaluation". Did I  
11 hear you correctly?

12 A. (White) You did, and I did misspeak previously. The  
13 impact and process evaluation is related to the  
14 High-Efficiency Heating Program, and only an impact  
15 evaluation is planned for the Low Income Program.  
16 Thank you.

17 Q. Thank you for clarifying that. On Page 61, you discuss  
18 some of the things that you'll be looking at with  
19 respect to the process evaluation for the Residential  
20 High-Efficiency Heating and Water Heating Program. Do  
21 you see that bulleted list there?

22 A. (White) Yes, I do.

23 Q. And, about six bullets down, the Company identifies  
24 that it will do an assessment of "Remaining barriers to

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 program participation including an assessment of why  
2 some customers choose to not participate in the  
3 program." Do you see that?

4 A. (White) Yes, I do.

5 Q. And, would that include potentially an investigation by  
6 the Company as to whether offering some type of  
7 financing mechanism, perhaps on-bill financing, might  
8 help with those customers who choose not to  
9 participate?

10 A. (White) The Company has no preconception about what the  
11 right strategy might be to overcome those barriers.  
12 Financing might be one of the opportunities that we  
13 would consider. There may be others as well.

14 Q. And, you had previously testified about the Company's  
15 participation in GasNetworks. Did New Hampshire  
16 customers help pay for membership in GasNetworks?

17 A. (White) Yes. We participate in GasNetworks, and the  
18 cost of participating in GasNetworks has not been  
19 budgeted explicitly to GasNetworks. They have been  
20 budgeted to the way the dollars are expected to be  
21 used. So, for example, if we're talking about  
22 marketing and communications support that is provided  
23 by GasNetworks, then the dollars were reflected under  
24 marketing and communications in the specific program

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1 that those dollars are relevant to. And, there is not  
2 a unique budget item for GasNetworks.

3 MS. HATFIELD: One moment please.

4 (Short pause.)

5 BY MS. HATFIELD:

6 Q. I'm wondering, I'm not sure if you're familiar with the  
7 programs that Northern proposed, but one of the  
8 programs they proposed was Home Performance with ENERGY  
9 STAR, and I'm wondering why isn't the Company offering  
10 that program or why aren't they -- or maybe are you  
11 seeking to have your residential programs certified as  
12 being "Home Performance with ENERGY STAR" at some point  
13 in the future?

14 A. (O'Brien) Yes, at some point. At the time that we  
15 combine the gas and electric programs, and hopefully  
16 file a single set of programs among all the utilities,  
17 at that point we would seek "Home Performance with  
18 ENERGY STAR" rating.

19 Q. In the both the Settlement Agreement and on Page 62 of  
20 Exhibit 2, the Company describes an "Updated Program  
21 Plan for 2010". Can you look at that section of  
22 Exhibit 2? Again, it's on Page 62.

23 A. (White) I'm not sure if you're directing the question  
24 to me or to Bob or to --

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1 Q. Sure. Ms. White, I think you can probably answer this.

2 A. (White) Okay.

3 Q. Given that right now you're asking the Commission for  
4 approval for a 20-month program, can you just describe  
5 what you would be filing in August of this year and how  
6 that might impact with what you're currently proposing  
7 for calendar year 2010?

8 A. (White) We anticipate that we will have further  
9 discussion with all of the parties about the specific  
10 budgets we have proposed on a program-by-program basis,  
11 and that we may propose some adjustments to the budgets  
12 we have proposed, although we are not expecting the  
13 total amount of funding to vary very much, if at all,  
14 from what we have proposed here. We will have some  
15 additional information about customer response to the  
16 programs as we're planning 2010, although we won't have  
17 a lot more information than we do right now, as we're  
18 starting to planning those efforts. So, there will be  
19 a little bit more information that might help us to  
20 propose some further adjustments to the programs. And,  
21 the update that we file at the end of August should  
22 reflect that additional intelligence.

23 I don't anticipate major changes.

24 However, I don't want to presume about what the parties

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1 want to discuss with us. And, the Company is receptive  
2 and open to discussing alternatives that may not be  
3 reflected here for 2010, and this will provide for  
4 additional opportunities for us all to talk about those  
5 things.

6 Q. Thank you. If you could turn to Exhibit D of  
7 Exhibit 2.

8 A. (White) Okay. Is it okay if I look at Exhibit D in  
9 Exhibit 1?

10 Q. Exhibit 1? Yes, I believe that the exhibits are the  
11 same, whether you're talking about Exhibit 1 or  
12 Exhibit 2.

13 A. (White) Okay.

14 Q. And, that exhibit sets forth the Company's target  
15 Shareholder Incentive on Page 1 for year one, and then  
16 on Page 3 for year two, is that correct?

17 A. (White) If you look at the version that is in  
18 Exhibit 1, Page 1 of 4 provides the target shareholder  
19 information for Program Year One, May 1st, 2009 through  
20 December 31st 2,009. Page 2 provides some supporting  
21 information to go along with the 2009 shareholder  
22 incentive. Page 3 provides the target Shareholder  
23 Incentive for year two, January 1st, 2010 through  
24 December 31st, 2010. And, Page 4 provides information

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1 about the target benefit/cost ratio by sector for that  
2 year.

3 Q. And, the target for the Company is 8 percent, is that  
4 correct?

5 A. (White) Yes.

6 Q. And, if I look at the totals, so, on Page 1 of 4, at  
7 Line 19, the total is "\$225,263", correct?

8 A. (White) Yes.

9 Q. And, on Page 3 of 4, for 2010, Line 19, the "Total  
10 Target Incentive" is "\$398,913", correct?

11 A. (White) Yes.

12 Q. So, the total, over the two years, if the Company meets  
13 its goals, is roughly \$624,000, is that correct?

14 A. (White) Yes.

15 Q. And, then, if I compare that to, looking at the  
16 Settlement Agreement, Exhibit 3, and I look at  
17 Attachment 1 to that, I see a different number for  
18 "Total Incentive" for the rest of 2009. Is that  
19 because what is attached to the Settlement is really  
20 just for illustrative purposes or is there a reason  
21 that those numbers are different?

22 A. (White) Both Attachment 1 and Attachment 2 to the  
23 Settlement are provided as illustrations of the  
24 information that we will be providing. They are not

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1 actual calculations.

2 Q. So, the parties are not stipulating to an incentive  
3 amount as shown on Attachment 1 to the Settlement  
4 Agreement?

5 A. (White) That's correct.

6 Q. Earlier, Mr. O'Brien, I think that you testified that  
7 all of the weatherization and audit related programs  
8 are available to all residential customers. Does that  
9 include those who do not -- who are customers of  
10 National Grid, but who do not heat with natural gas?

11 A. (O'Brien) No. Those that heat with natural gas.

12 Q. So, in order to receive the weatherization related  
13 programs, you do need to heat with natural gas?

14 A. (O'Brien) Correct.

15 MS. HATFIELD: Thank you very much.

16 That concludes our questions.

17 CHAIRMAN GETZ: Mr. Linder.

18 MR. LINDER: Yes. Thank you.

19 BY MR. LINDER:

20 Q. Ms. White, you have some familiarity with the Low  
21 Income Energy Efficiency Program?

22 A. (White) I have some familiarity, yes.

23 Q. Would you say that, historically, the demand for the  
24 low income weatherization services has been rather

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1 high?

2 A. (White) Yes. It is the case that the Company, working  
3 in collaboration with the Community Action Agencies,  
4 has not found it difficult to spend its entire low  
5 income program budget. And, there is an increased need  
6 for those services now during the economic downturn.

7 Q. And, in fact, for the most recent program year, just  
8 about the entire low income budget was expended, is  
9 that correct?

10 A. (White) I do not have details on a program-by-program  
11 level, but that is my understanding.

12 Q. And, the Company has, in this filing for the 20-month  
13 period, budgeted for an increased number of low income  
14 participants, is that correct?

15 A. (White) Yes.

16 Q. And, does the Company expect to have any difficulty  
17 meeting that need with the budget, the increased  
18 budget?

19 A. (White) No. The Company anticipates that it will be  
20 able to effectively use the dollars that have been  
21 allocated to provide services to its low income  
22 consumers. We have consulted with our colleagues who  
23 provide those services, and they assure us that they  
24 will be able to work with us to deliver the services

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1 that we have proposed.

2 Q. And, you're referring specifically to the Community  
3 Action Programs, which deliver the low income services?

4 A. (White) Yes.

5 Q. Thank you. And, one question with respect to the  
6 Settlement Agreement, which is Exhibit 3. And, I  
7 wanted to direct your attention to the reporting  
8 requirements on Page 10. And, Paragraph 5 indicates  
9 that the Company expects to be able to file its 2011  
10 multi-year Plan by the end of August of 2010, is that  
11 correct?

12 A. (White) Yes.

13 Q. Okay. And, then, I just wanted to direct your  
14 attention to the next page, Page 11 -- actually,  
15 Page 12, I'm sorry, in the "Collaboration" section,  
16 Paragraph 6. Which indicates that the Company will be  
17 meeting with The Way Home and other interested parties  
18 with respect to development of the Company's low income  
19 energy efficiency budget for the 2011 program year. Do  
20 you see that?

21 A. (White) Yes, I do.

22 Q. Can you give an estimate of when you think those  
23 meetings might take place, so that you're -- so that  
24 the Company will be able to meet the August 31st filing

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1 deadline?

2 A. (White) That's a very good question, Alan. And, I have  
3 to admit, given that we've just finished planning this  
4 year's plans, I haven't laid out a schedule for  
5 developing the multi-year plan that will go into place  
6 in 2011. I do anticipate that we will be getting  
7 ongoing feedback from the parties, including the low  
8 income parties that are identified in Bullet 6 here as  
9 we work through the year, especially in the quarterly  
10 meetings that we participate in with you. And, so, we  
11 will be starting to get that input, you know, at our  
12 next quarterly meeting is my expectation. And, so, I  
13 would say that those meetings will start to inform  
14 proposals right away, and will help us to get to that  
15 proposal that we hope to file in August of 2010.

16 MR. LINDER: Okay. Thank you very much.  
17 I have no further questions.

18 CHAIRMAN GETZ: Mr. Nute.

19 MR. NUTE: Yes, a question for  
20 Mr. O'Brien.

21 BY MR. NUTE:

22 Q. On these audits that you do, for the non-low income on  
23 the Level 2, the auditors out there that are doing the  
24 air sealing, can they do the audit at the same time or

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1 the audit is done first?

2 A. (O'Brien) The audit is done first. And, then, on a  
3 second visit, the air sealing would be completed.

4 Q. And, on the second visit, do they bring back a written  
5 report?

6 A. (O'Brien) They create a detailed report for the  
7 customer for other measures that can be installed.

8 Q. Showing cost/benefits or paybacks or --

9 A. (O'Brien) Paybacks, yes.

10 Q. Paybacks.

11 A. (O'Brien) Based on the -- The paybacks were based on  
12 the total cost of the project.

13 Q. Okay.

14 A. (O'Brien) At this point.

15 Q. And, these are calculated, you use a software program  
16 or --

17 A. (O'Brien) Yes.

18 Q. An in-house program or is there a --

19 A. (O'Brien) No, it's the software program that is used in  
20 Massachusetts by the MassSAVE Program.

21 Q. MassSAVE, okay. And, one other item here was just  
22 brought to my attention with Attorney Hatfield here, is  
23 I didn't realize also that the rebate program there was  
24 entirely up to the customer. And, I'd just like to go

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1 on record that I -- I know you're not adverse to  
2 changing as we go along in the program, I just -- I was  
3 a little surprised at that. And, I would think that  
4 would be a deterrent to some clients.

5 A. (O'Brien) It's the model we use in Massachusetts.

6 Q. Yes.

7 A. (O'Brien) And, as Ms. White said, we will certainly  
8 look at that. And, if it is a barrier, we'll move to  
9 make adjustments in the way we implement the program to  
10 assist these customers.

11 MR. NUTE: Thank you.

12 CHAIRMAN GETZ: Mr. Steltzer.

13 MR. STELTZER: I'll do my best to have  
14 some sort of organization to these questions, but forgive  
15 me if I stray a little bit.

16 BY MR. STELTZER:

17 Q. Earlier testifying, Mr. O'Brien, you were testifying on  
18 the percents for the weatherization programs in other  
19 states. Could you speak to the maximum cap levels that  
20 are available within each of those states as well?

21 A. (O'Brien) In Rhode Island, the cap is \$1,500. And, in  
22 Massachusetts, the cap I believe is \$2,000.

23 Q. Thank you. Mr. O'Brien, the next few questions I have  
24 are just regarding furnace and boiler systems and the

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 cost of those systems. Are you aware of any increased  
2 costs in the -- for the retail price of furnaces and  
3 boilers compared to last year to this year?

4 A. (O'Brien) The numbers we used for this filing were the  
5 latest costs that we have. So, as we move forward,  
6 costs go up, they will go up, but these are the latest  
7 costs that were applied to the program.

8 Q. To that point, have the rebates offered on HVAC  
9 systems, are they the same as in past years?

10 A. (O'Brien) No, they -- some of them tweaked up a little  
11 bit.

12 Q. Okay. Just recognizing that the rebates should go up  
13 in relationship to the price of those systems?

14 A. (O'Brien) Correct. Yes.

15 Q. Okay. Mr. O'Brien, the next few questions are  
16 regarding the training program. You've testified that  
17 there will be a training session this summer held in  
18 Manchester at the Community College for BPI training.  
19 Are there any other future training sessions that  
20 you're aware of that will be offered or do you have  
21 plans on having them on a quarterly basis?

22 A. (O'Brien) These trainings are being provided by  
23 Manchester Community College, as part of their new  
24 curriculum moving forward. They will be available on

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1 an ongoing basis.

2 Q. Okay. Now, could you speak a little bit to the --  
3 Attorney Hatfield brought up earlier, as far as Exhibit  
4 6, in that you'll be supplying some information on the  
5 portion of the Weatherization Program that is going  
6 towards -- the dollar portion, I should say, that is  
7 going towards the training and purchasing of this  
8 equipment. On Page 20, I believe in the redline  
9 version, Exhibit 2, you -- let me just make sure that  
10 page number is correct. I have to admit, my page  
11 numbers in my redline version versus Attorney  
12 Hatfield's is a little off. So, yes, it's on Page 20  
13 of my copy on the redline version, dated May 8th. And,  
14 it states "National Grid will require BPI  
15 certification", it's about two-thirds of the way down,  
16 "and will provide contractors with a percentage of  
17 reimbursement incentives for training and the purchase  
18 of required diagnostic tools." Do you have any idea of  
19 what that percentage will be?

20 A. (O'Brien) At this point, the percentage that we have  
21 been offering in the past is 90 percent reimbursement  
22 on the course, once they pass certification, and  
23 50 percent of the equipment cost, up to \$3,000.

24 Q. Are you aware of whether other training programs

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1 offered in the state are offering that same incentive?

2 A. (O'Brien) I'm not aware of any other company offering  
3 incentives.

4 Q. Okay. Do you -- I guess I should say my line of  
5 thinking here is I'm a little concerned with the other  
6 utility programs and what they're offering to assist  
7 contractors to get BPI certification. And, it's my  
8 understanding that no other program offers an incentive  
9 on purchasing diagnostic tools. And, I'm interested in  
10 understanding how this rebate program, and other rebate  
11 incentive programs that are being developed, will work  
12 to be a consistent offering, so that a contractor isn't  
13 getting, if they choose to get a National Grid  
14 training, that they will get \$3,000 for the diagnostic  
15 tools. But another contractor in that same class,  
16 who's getting an incentive from another utility, would  
17 not be getting that same service. Can you speak to  
18 that concern that I have?

19 A. (O'Brien) Yes. As we move forward with combining the  
20 programs, we will also look at the services and, in  
21 this case, refunds that we provide. And, at the point  
22 that we're comfortable, we will have a uniform way of  
23 dealing with these things. I am not aware of -- I do  
24 not know whether any other utility is offering

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 anything. I do not know. Not that -- I'm saying I'm  
2 not aware of any, I don't even know if they are.

3 Q. Thank you. Now, turning, Ms. O'Rourke, turning over to  
4 the C&I side, you have identified one solar thermal  
5 project with a yogurt company known as "Stonyfield" in  
6 this state. And, I'm interested on any other solar  
7 thermal projects that are going on within your program,  
8 if you know?

9 A. (O'Rourke) Currently, we don't have any other  
10 development in New Hampshire. But we're always  
11 looking.

12 Q. Okay. And, this project that's going in at Stonyfield,  
13 has it met your cost-effective criteria?

14 A. (O'Rourke) Yes. I do believe it has been run through,  
15 yes.

16 Q. Okay. Do you know what aspects of that project have  
17 made that solar thermal proposal be cost-effective?

18 A. (O'Rourke) Well, I don't have intimate knowledge of  
19 this, but I do believe that the fact that it's a  
20 process load that's continually -- it's a pretty much  
21 -- it's over 12 months. So, we're looking -- there's  
22 continuous, basically, the heat, the gas load can be  
23 displaced pretty -- for the most part 24/7.

24 Q. Okay. Now, moving over to, Mr. O'Brien, moving over to

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 the residential side on the Building Practice and  
2 Demonstration Project, over this 20-month period of  
3 time, there's approximately \$75,000 that that program  
4 has allocated to it. What is the intent of that  
5 \$75,000 and how will it be used on these demonstration  
6 projects?

7 A. (O'Brien) As we mentioned, these projects allow us to  
8 look at new technologies or enhanced technologies, in  
9 an effort to find measures that can be implemented  
10 through our portfolio of programs. Specifically, we're  
11 looking at solar hot water, many combined heat and  
12 power, perhaps a deep retrofit type piece. We have --  
13 We are looking at some solar hot water projects in New  
14 Hampshire at this point.

15 Q. Is it the intent that that money then would be offered  
16 as a subsidy to that project to bring down the cost for  
17 that system to be installed?

18 A. (O'Brien) Yes. Yes.

19 Q. And, how -- what criteria are you using to determine  
20 whether -- to determine which entities would receive  
21 that subsidy?

22 A. (O'Brien) Actually, we have contractors that are  
23 working on these programs, and they bring these to our  
24 attention. And, we would investigate, would do some

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 analysis, if we have any previous analyses of these  
2 things, that would provide us with information to move  
3 forward or not move forward. And, if we didn't have  
4 any pre-analyses of these, we may consider the cost.  
5 And, if they're, you know, within our budget and in  
6 line, we would investigate these things further.

7 Q. Are these contractors working underneath the  
8 Weatherization Program then?

9 A. (O'Brien) No, they're not, they're not working for us.  
10 These are contractors that work mostly in our --  
11 they're builders, builders and contractors that work in  
12 the industry, the building industry.

13 Q. So, do you foresee these installations being more on  
14 the -- through the ENERGY STAR homes program and on new  
15 construction?

16 A. (O'Brien) Perhaps. Perhaps. It depends on technology.  
17 If it's something that would be best installed during  
18 construction, then it would be the ENERGY STAR Homes  
19 Program.

20 MR. STELTZER: I have no further  
21 questions. Thank you.

22 BY CMSR. BELOW:

23 Q. I think several times the Plan refers to incentives on  
24 a dollar per therm basis. That typically means for the

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 first full year savings or the expected annual savings  
2 that would be an incentive per therm for one year's  
3 savings, is that correct? Anyone.

4 A. (O'Rourke) Could you actually point out where in the  
5 filing that you saw that?

6 Q. Sure. Well, one place is in Exhibit 1, Page 36. There  
7 it refers to, near towards the bottom of the page, "an  
8 incentive of 2.25 per first year estimated therm  
9 savings".

10 A. (O'Rourke) Yes. Sorry.

11 Q. And, then, on Page 34, the last sentence says "Solar  
12 thermal incentives will be provided at a special  
13 incentive of \$5.00 per therm."

14 A. (O'Rourke) Yes. I was a little bit confused there. I  
15 thought there was a reference to a dollar per therm on  
16 an annual rebate.

17 Q. Well, what -- the "\$5.00 per therm", what would that  
18 be? I mean, that's a one-time rebate.

19 A. (O'Rourke) It's a one-time annual rebate. The per  
20 therm basis is a one-time annual rebate.

21 Q. Right.

22 A. (O'Rourke) So, we model it, we look at first year therm  
23 savings or displaced thermal load, and rebate  
24 accordingly.

[WITNESS PANEL: White|O'Brien|O'Rourke]

- 1 Q. Okay. This is a question on both the residential and  
2 commercial side. If we look at Table II, in Exhibit 1,  
3 Page 5, starting on the residential side, there's no  
4 reference, and I guess my question is, have you  
5 considered a specific incentive for condensing hot  
6 water heaters with greater than 90 percent thermal  
7 efficiency that can be used for either domestic hot  
8 water and/or space heating purposes, but are not  
9 designed as heating boilers, *per se*?
- 10 A. (O'Brien) These measures, for which we provide the  
11 incentives, are the measures that have been  
12 investigated and brought to us by GasNetworks. So, if  
13 it hasn't been brought to us by GasNetworks, it's not  
14 something they have evaluated.
- 15 A. (O'Rourke) I will say just a tad onto that. We have  
16 discussed that. It's challenging and it's something  
17 we're looking at. But it brings up a whole other  
18 issue, in terms of what defines a "boiler", what's a  
19 "water heater"? And, also, the usage patterns are  
20 different for domestic -- for heating loads versus  
21 domestic hot water. And, especially, if it's in a  
22 residential application and a commercial. So, it's  
23 something that we've definitely discussed and we're  
24 looking at, but we have to do some evaluation.

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[WITNESS PANEL: White|O'Brien|O'Rourke]

1 Q. Okay. So, right now, it's just sort of a gap. If  
2 somebody gets a 94 percent thermal efficiency  
3 condensing hot water heater, which my understanding is  
4 they're going to have 100 to 150,000 Btus per hour  
5 output, which is enough to heat many well insulated  
6 homes, there's just no incentive for that?

7 A. (O'Rourke) On the gas side, we have modeled it under  
8 our custom program, that's how we currently handle it.  
9 We'd like to bring it to prescriptive, just so we don't  
10 have to do modeling, but that's how we get our savings.  
11 And, we're seeing savings kind of all over the board.  
12 That's why it's tough right now to put it on a  
13 prescriptive level.

14 Q. Okay. And, similarly, that's on Page 43, Table XVI.  
15 You sort of -- You make that transition for the high  
16 thermal efficiency condensing unit heaters over 151,000  
17 Btu per hour. That's sort of that situation, but at  
18 that particular scale, is that correct?

19 A. (O'Rourke) Correct.

20 Q. Okay. I guess, actually, you do have -- no, the  
21 condensing boilers, actually, there's sort of a gap  
22 there, they're just further down in the table --

23 A. (O'Rourke) Oh, yes. The condensing boilers, we use  
24 this rebate schedule, I think about 2 million Btus we

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 actually take on a custom level, because we can -- a  
2 lot of times there's process loads and we see a lot of  
3 varying degrees of usage.

4 Q. Okay. In the ENERGY STAR Window Program, have you  
5 considered providing an incentive for windows with E  
6 values significantly lower than .35, particularly as  
7 the ENERGY STAR windows become sort of the standard  
8 practice?

9 A. (O'Brien) For this filing, no. But we will look at the  
10 new technologies and do the analyses to see what rebate  
11 level would be attractive to customers and whether it's  
12 cost-effective.

13 Q. Okay. Have you considered doing any consumer education  
14 around solar heat gain coefficients, to help educate  
15 consumers as to where a higher or lower solar heat gain  
16 coefficient might be desirable or undesirable?

17 A. (O'Brien) Not through these programs, no.

18 Q. Okay. So, people buy the ENERGY STAR windows without  
19 regard to solar heat gain coefficient, as far as you're  
20 concerned?

21 A. (Witness O'Brien nodding affirmatively).

22 Q. Okay. In Exhibit 1, Exhibit A of Exhibit 1, Page 2 of  
23 4. And, Ms. White might respond to this. The very  
24 last column, the "Participate Goal", there's dollar

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 signs there. That's an error, those are actually  
2 number of participants?

3 A. (White) That's correct. There should not be any dollar  
4 signs there.

5 Q. Okay. In Exhibit 1, Page 18, at the bottom of the  
6 page, you reference a situation where "infrared  
7 scanning might be selectively employed to inspect wall  
8 insulation and air sealing work." That sounds like as  
9 an after-the-fact inspection. Do you anticipate or  
10 have you considered offering infrared scanning as a  
11 diagnostic measure, to help identify situations where  
12 there's gaps or missing insulation?

13 A. (O'Brien) We do not offer an incentive for that. The  
14 contractors can charge the customer for that particular  
15 scan.

16 Q. So, you're anticipating where you might have a BPI  
17 certified auditor who's looking at doing the air  
18 sealing package, they could offer that as an add-on?

19 A. (O'Brien) Correct.

20 Q. Okay. And, in Exhibit 2, Page 21, there's a strike-out  
21 from your original proposal of language that says "An  
22 enhanced incentive is available to customers who  
23 undertake comprehensive weatherization such as whole  
24 house air sealing, and to customers who install

[WITNESS PANEL: White|O'Brien|O'Rourke]

1 insulation with a higher R value per inch or with  
2 greater air infiltration reduction properties, such as  
3 dense pack cellulose and insulating foams." Could you  
4 explain why that was dropped from the original proposal  
5 to the final plan?

6 A. (O'Brien) We had initially thought that we would add a  
7 deep retrofit component, and the costs were very high,  
8 so we dropped it. We are running a pilot in another  
9 area that we hope to get enough information from to  
10 determine if it's something we want to implement around  
11 our service territory.

12 Q. So, that particular enhanced incentive concept was  
13 linked to that concept of a possible deeper retrofit?

14 A. (O'Brien) Deep energy retrofit, yes.

15 CMSR. BELOW: Okay. That's all.

16 CHAIRMAN GETZ: Ms. Knowlton, anything  
17 in the nature of redirect?

18 MS. KNOWLTON: I have nothing further.

19 CHAIRMAN GETZ: Anything further for  
20 this panel?

21 (No verbal response)

22 CHAIRMAN GETZ: Hearing nothing, then  
23 you're excused. Thank you very much.

24 WITNESS O'BRIEN: Thank you.

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1 WITNESS O'ROURKE: Thank you.

2 CHAIRMAN GETZ: And, I take it there are  
3 no further witnesses, is that correct?

4 MS. THUNBERG: That's correct.

5 CHAIRMAN GETZ: Is there any objection  
6 to striking identifications and admitting the exhibits  
7 into evidence?

8 MS. THUNBERG: Staff just has one  
9 clarification, that the Exhibit -- replacement page for  
10 Exhibit 5, that that is the exhibit that Staff intends to  
11 have entered as full.

12 CHAIRMAN GETZ: Okay. Yes, subject to  
13 substituting the revised Exhibit 5, then all the exhibits  
14 are admitted into evidence.

15 Is there anything to address prior to  
16 the opportunity for closing statements? Ms. Knowlton.

17 MS. KNOWLTON: Yes. I neglected to  
18 request a waiver of Puc 203.20, with regard to filing of  
19 the Settlement. Obviously, the Settlement was filed the  
20 morning, and not in advance of the hearing consistent with  
21 that requirement. And, I would ask that the Commission  
22 waive the prefiling requirement. I believe that having  
23 had -- having almost all of the parties participate in the  
24 Settlement has resulted in efficient conduct of the

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1 proceeding, that's been helpful. And, I don't believe  
2 that it's also, having it filed this morning, has impaired  
3 any party's ability to participate. We had circulated  
4 drafts of the Settlement previously, and it's been a very  
5 participatory docket, at least from my perception. So, I  
6 would ask that the Commission waive that rule.

7 CHAIRMAN GETZ: Is there any objection  
8 to the waiver?

9 MS. THUNBERG: No.

10 CHAIRMAN GETZ: Hearing no objection,  
11 we'll grant the waiver.

12 CMSR. BELOW: I have a question for Ms.  
13 Knowlton.

14 MS. KNOWLTON: Yes.

15 CMSR. BELOW: Presumably your law firm  
16 and National Grid have printers and copiers that duplex.  
17 And, just for the sake of energy efficiency, --

18 MS. KNOWLTON: We'd love to.

19 CMSR. BELOW: -- it might be helpful to  
20 reduce this volume of paper.

21 MS. KNOWLTON: We'd be glad to do that.  
22 And, you know, I don't think the Commission rules specify  
23 that. But, I mean, can we take it that, as a common  
24 practice, when we have a large filing, that we can,

1 regardless of whether it's an energy efficiency docket or  
2 otherwise, that we can double-side our filings?

3 CMSR. BELOW: Yes, our rules do actually  
4 expressly allow that.

5 MS. KNOWLTON: They do? Okay. I  
6 apologize. I didn't realize that. Absolutely. Glad to  
7 do that.

8 CHAIRMAN GETZ: Thank you. Let's start  
9 with Mr. Linder then for an opportunity for closing.

10 MR. LINDER: Yes. Mr. Chairman and  
11 Commissioners, The Way Home was a signatory to the  
12 Settlement Agreement. We support the Settlement  
13 Agreement. And, we particularly support the low income  
14 provisions of the Settlement Agreement. We feel that the  
15 Company has really gone out of its way to attempt to  
16 address the needs and demands of the low income community  
17 for quality energy efficiency services, which have been  
18 delivered by the Community Action Programs.

19 And, we look forward to continuing to  
20 work with the Company as it continues to show great  
21 sensitivity to the needs of the low income community. We  
22 look forward to working with the other parties as we  
23 continue to meet on a quarterly basis to review the  
24 progress of the Low Income Program and to prepare for the

1 2011 filing.

2 We feel that the Settlement Agreement is  
3 in the public interest. It attempts to address and  
4 balance the needs of the various constituencies in  
5 providing greatly needed energy efficiency services to the  
6 citizens and customers of the Company. And, feel the  
7 Company is attempting to do so in the most cost-efficient  
8 and effective manner. And, we recommend that the  
9 Commission, after considering all the documents, approve  
10 the Settlement Agreement so that the Company can go  
11 forward with its Plan. Thank you very much.

12 CHAIRMAN GETZ: Thank you. Mr. Nute.

13 MR. NUTE: Yes. The Community Action  
14 Agencies are also signatories on this Settlement  
15 Agreement. We support it. We also thank the Company for  
16 taking pretty good strides, especially in the Residential  
17 Low Income and non-low income aspect of the Settlement  
18 Agreement. And, we support it and hope that the  
19 Commissioners do. Thank you.

20 CHAIRMAN GETZ: Thank you.

21 Mr. Steltzer.

22 MR. STELTZER: Office of Energy &  
23 Planning hasn't signed onto the Settlement Agreement, but  
24 we are in support of the Energy Efficiency Plan that has

1        been proposed here. We certainly commend the process  
2        that's been laid out here, as far as working to align the  
3        gas energy efficiency programs with the electric energy  
4        efficiency programs. We note the support that the Plan  
5        states for BPI training and to get qualified individuals  
6        within the state to that certification level and the  
7        incentives that are available for purchasing of the  
8        diagnostic tools. We also are appreciative of the  
9        expansion for the solar thermal projects within the state,  
10       to increase a very cost-effective renewable resource that  
11       could be utilized to a great extent within the state.  
12       And, also, the expansion of the multifamily program, to  
13       provide greater assistance to those residents.

14                        There are two areas which we do have  
15       concern with. Both of them have been brought up earlier.  
16       One is with the Home Performance with ENERGY STAR Program,  
17       recognizing that other programs before the Commission, as  
18       well as -- on the electric side, as well as on the gas  
19       side, are looking to have that certification requirement.  
20       We'll certainly be interested to see how this program can  
21       be aligned with that program.

22                        Second is also another concern that's  
23       been brought up, regarding the up-front cost to the  
24       resident for the \$4,000. OEP certainly feels that this

1 will be a barrier for residents to take action. And, in  
2 the quarterly filings and quarterly meetings that we'll  
3 have, we'll certainly be pressing that point on providing  
4 -- having the Company provide us information on how that  
5 isn't necessarily being a barrier to customers accessing.

6 We look forward to working with National  
7 Grid in the future. And, thank you for your time.

8 CHAIRMAN GETZ: Thank you.  
9 Ms. Hatfield.

10 MS. HATFIELD: Thank you, Mr. Chairman.  
11 The OCA appreciates very much the Company's willingness to  
12 work with the parties and Staff, and to propose a 20-month  
13 sort of gap filing. And, we also, along with OEP, really  
14 appreciate the Company's desire to combine the electric  
15 and gas filing for programs beginning in 2011, and we look  
16 forward to the work that will need to go into that next  
17 year. We also appreciate all of the work that was done in  
18 a short time frame within this truncated docket. And, we  
19 especially appreciate some of the significant changes that  
20 the Company has made in the residential programs with  
21 respect to increased diagnostics and air sealing, as we  
22 believe that those are critical components of  
23 weatherization programs, and in the past they have been  
24 lacking. So, we greatly appreciate the Company's focus on

1 that area.

2 Also, like OEP, we appreciate the  
3 Company's focus on the multifamily area. We know that  
4 that's challenging, especially in trying to determine the  
5 breakdown between low income and non-low income. But we  
6 know that there's great need in multifamily buildings in  
7 National Grid's service territory. So, we appreciate  
8 that.

9 And, we also appreciate, as mentioned by  
10 OEP also, the Company's work to bring new technologies to  
11 New Hampshire. And, I think New Hampshire benefits from  
12 some of the work that the Company does in other states.

13 We are also concerned with the  
14 requirement that residential customers pay for the total  
15 cost of a weatherization job up front. And, we apologize  
16 for bringing that to the Commission today at the hearing.  
17 We actually hadn't realized that, in the limited review,  
18 time for review that we've had of the program. We do  
19 think that will be a barrier for some customers. We  
20 understand that the Company is open to looking at it, but  
21 we would urge them to do so sooner rather than later.  
22 And, we think that the way it works on the electric side  
23 really is helpful to customers. And, so, we urge the  
24 Company to look at whether or not they can do that.

1                   We're also concerned that ratepayer  
2 funds are being used to train contractors and to purchase  
3 efficiency equipment for them. While we understand the  
4 very serious need to ramp up a large number of qualified  
5 contractors in this state, we do think that there should  
6 be strings attached. So that, if a contractor receives  
7 training, and especially receives equipment using  
8 ratepayer funds, that there be a requirement that  
9 ratepayers benefit from the purchase of that equipment.  
10 And, we want to avoid a situation where contractors use  
11 those programs, and then take the money and run,  
12 basically.

13                   We also wanted to just mention, and  
14 because we're going before Staff, I don't know if they're  
15 going to touch on this in their closing, but in the  
16 closing in the Northern efficiency case, Staff referenced  
17 the Commission's order, final order in the CORE Program  
18 docket, Order Number 24,930, issued January 5th, 2009.  
19 And, Staff, I believe, interpret that order as the  
20 Commission calling for the parties to review Low Income  
21 Program funding. And, the OCA just wants to make it clear  
22 that we do not read that order that way. How we read it  
23 is that, in the section of the order where the Commission  
24 is discussing what was in the Settlement Agreement, the

1 Commission notes that the parties and Staff agreed that  
2 the Home Energy Assistance Budget allocation should be  
3 reviewed again in 2009. And, if we remember correctly, in  
4 that Settlement Agreement, all of the parties agreed to  
5 continue what has been a very productive discussion, going  
6 to I think what's been discussed today, the very  
7 significant need for low income weatherization services.

8 So, while the OCA stands ready to  
9 continue in those discussions, we just want to be clear  
10 that the OCA will not support a wholesale change in Low  
11 Income Programs at this time. We're open to discussing  
12 that with the parties and Staff, but we did want to just  
13 make clear that we don't read the Commission's last order  
14 in the CORE docket as requiring a wholesale change. And,  
15 with respect to how the differences in how the electric  
16 and gas programs are funded, we think that that's a topic  
17 that deserves more discussion, so that there's a full  
18 understanding that in both programs there's a very, I  
19 think, focused effort to make sure that customers are  
20 getting out what they pay in, and that there isn't a  
21 subsidy between residential and commercial/industrial  
22 customers.

23 Overall, the OCA supports the programs  
24 that are being offered by the Company. We just haven't

1 had a chance to fully review the materials and all the  
2 supporting documents. But we do not object to the  
3 Settlement, and we commend the other parties for being  
4 able to pull it together so quickly. And, we look forward  
5 to working with National Grid. We think we've already  
6 seen a marked improvement in the delivery of efficiency  
7 programs since Grid took over the KeySpan system, and  
8 we're looking forward to seeing them continue that  
9 progress. Thank you very much.

10 CHAIRMAN GETZ: Thank you. Ms.  
11 Thunberg.

12 MS. THUNBERG: Thank you, Mr. Chairman,  
13 Commissioners. Staff just has a few comments. Staff  
14 believes that the Company's filing presented today  
15 reflects energy efficiency programs that are  
16 cost-effective, based on budgets that Staff believes are  
17 reasonable, and on savings assumptions that Staff believes  
18 are well documented.

19 With respect to the program budgets,  
20 Staff believes that the proposed budgets for 2009-2010 are  
21 reasonable, and are informed by the most recent program  
22 year data from the 2009 program year ending April 2009.  
23 Staff believes the calculation of the benefit/cost ratios  
24 and performance incentives are in accordance with the

1 Commissioners' guidelines -- or, the Commission's  
2 guidelines, rather.

3 With respect to the Low Income Programs,  
4 Staff believes that the proposed budgets are reasonable,  
5 but that the low income budget allocations in this case  
6 set no precedent for future discussions among the parties  
7 and Staff.

8 With respect to the Weatherization  
9 Program and the Low Income Program and the new five-unit  
10 feature of the Weatherization Program in the Low Income  
11 Program that the Company is offering, Staff is pleased  
12 that the budgets and costs will be segregated, as to low  
13 income units will come out of the low income budget and  
14 the non-low income units will come out of the non-low  
15 income weatherization or other programs.

16 Staff believes that National Grid's  
17 proposal for quarterly reporting, as opposed to monthly  
18 reporting is reasonable. The quarterly reporting will  
19 still contain monthly breakout data and will provide  
20 efficiencies in reporting, and will also align the  
21 reporting requirements to that that are established in the  
22 CORE Program.

23 And, with that, Staff respectfully  
24 requests the Commission approve National Grid's program,

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1 which was marked for identification as "Exhibit 1", and  
2 also approve the Settlement Agreement that was marked as  
3 "Exhibit 3". Thank you.

4 CHAIRMAN GETZ: Thank you.  
5 Ms. Knowlton.

6 MS. KNOWLTON: Thank you. First, I want  
7 to thank the parties and the Commission for holding the  
8 hearing today. I know we had a hearing that was  
9 previously scheduled, and I appreciate that the parties  
10 and the Commission have accommodated having a hearing  
11 today. And, from my perspective, it's really been a  
12 collaborative docket. I know it's been a short docket,  
13 and I appreciate the demands that that's placed on  
14 people's time, as far as turning around things quickly.  
15 But I do believe that it's been a collaborative docket,  
16 and I think the changes that the Company has made to the  
17 Plan, from what was initially filed in March, to what was  
18 filed with the Commission last Friday, reflect the fact  
19 that the Company listened to the comments and the feedback  
20 that it received from the parties in the docket, and heard  
21 those concerns, and made a number of changes to address  
22 those. And, I think, you know, it's an iterative,  
23 continual process that doesn't end today, or with an order  
24 of the Commission, that the Company, you know, intends to

1 continue to collaborate with the parties on their  
2 programs. And, I think very much looks forward to the  
3 opportunity to present programs, unified gas and electric  
4 programs, next time it's before this Commission for  
5 approval of energy efficiency programs.

6 I believe that the Settlement Agreement,  
7 which recommends that the Commission approve the May 8th  
8 Plan, is in the public interest. We've heard testimony  
9 today from the witnesses supporting the programs that are  
10 in the Plan. And, why and how they serve the needs of  
11 their customers here in New Hampshire, as well as the  
12 benefits associated with those plans. The Company -- This  
13 is a priority for the Company to provide these programs,  
14 and they certainly look forward to the opportunity to  
15 provide them for the next the 20-month period.

16 So, in closing, I would ask that the  
17 Commission find that the proposed Plan is in the public  
18 interest and approve the Settlement Agreement, which  
19 incorporates the Plan. And, you know, we will, again, the  
20 Company, you know, heard the feedback today from the  
21 parties, as well as from the Commissioners, and will take  
22 that into account as they move forward. Thank you.

23 CHAIRMAN GETZ: Thank you. All right.  
24 Then, we will close this hearing and take the matter under

1       advisement. Thank you, everyone.

2                               (Whereupon the hearing ended at 12:46  
3                               p.m.)

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