



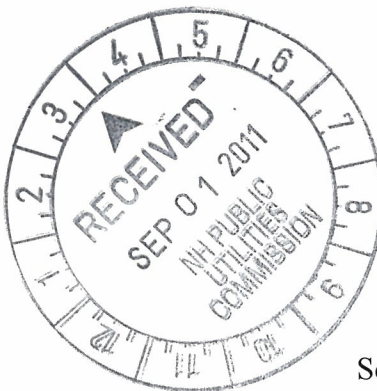
**Public Service
of New Hampshire**

780 N. Commercial Street, Manchester, NH 03101

Public Service Company of New Hampshire
P. O. Box 330
Manchester, NH 03105-0330
(603) 634-2326
(603) 634-2438 Law Dept. Fax
knowlsb@psnh.com

A Northeast Utilities Company

Sarah B. Knowlton
Senior Counsel



September 1, 2011

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: DE 10-188; CORE Electric Energy Efficiency and Gas Energy Efficiency Programs

Dear Ms. Howland:

In accordance with Section II(M)(2) of the Settlement Agreement approved by Order 25,189 in DE 10-188, I enclose Public Service Company of New Hampshire (PSNH) and Unitil Energy Systems, Inc.'s (UES) proposed Home Performance with Energy Star Program (HPwES) for calendar year 2012. PSNH and UES seek approval to implement a full fuel neutral HPwES program beginning January 1, 2012, as described below.

- A. Program Design and Description: The design of the HPwES program will remain largely unchanged from the program offering in calendar year 2011 which is described in Attachment A to the Settlement Agreement. PSNH and UES have reviewed the impact evaluation of the pilot HPwES program which was submitted to the Commission on June 13, 2011, and are proposing the following changes to the design of the HPwES program in response to the findings of that evaluation:
1. **Full Scale Fuel Neutral Program**: PSNH and UES plan to move this program to a full-scale program rather than a pilot program. [Cadmus Process Evaluation, Table E-1, Page 4, First recommendation].
 2. **Audit Tools**: PSNH and UES will continue using Performance Systems Development's "Surveyor" and "Treat" audit tools for 2012. The Surveyor audit tool will be updated with prescriptive energy savings recommended by Cadmus based on the impact evaluation. These updates will take effect on January 1, 2012 and be used on a going forward basis. UES will continue to use the TREAT modeling tool and will review estimated energy savings and adjust with the auditor as necessary per Cadmus'

evaluation. PSNH and UES will continue to review new auditing software products and will evaluate converting to a common unit based or modeling audit tool. [Cadmus Process Evaluation, Table E-1, Page 4, Second recommendation. Also Cadmus Impact Evaluation, first, second and third bullets on page 37].

3. On Bill Financing: PSNH and UES will offer on-bill financing (OBF) made available via the RGGI grant. The utilities will monitor the market response to on-bill financing of energy efficiency measures to determine if it should be offered in future program years. In 2011 to date, 60% of UES' HPwES participants have used the Company's OBF option to help pay for measures installed through the program. Approximately 25% of PSNH customers have sought loans; however, PSNH has exhausted its revolving loan fund and new loans can only be made as older loans are repaid. [Cadmus Process Evaluation, Table E-1, Page 4, Third recommendation].
 4. Fine Tuning with Contractors: PSNH and UES have instructed contractors on the importance of installing CFLs to achieve the expected savings. In addition, the Quality Assurance Contractor has been notified of this directive and will assist with ensuring the CFLs are installed as well. [Cadmus Process Evaluation, Table E-1, Page 4, Fourth recommendation].
 5. Customer Upgrade Choices: PSNH and UES have considered the option of allowing customers to pay the difference for energy efficiency products that might better suit their needs (e.g., installing spray polyurethane foam to seal and insulate large open areas rather than using other cost-effective measures like blown-in cellulose). PSNH and UES will allow customers to pay the additional cost of the spray foam if they choose, as a separate charge. [Cadmus Process Evaluation, Table E-1, Page 4, Fifth Recommendation].
 6. Marketing and Customer Testimonials: The Home Performance with ENERGY STAR brochure has been updated to include customer feedback in the highlighted section "Benefits of Home Performance with ENERGY STAR". In addition, PSNH and UES plan to develop more case studies and place them with customer comments and testimonials on the NHSaves web site throughout the year. As noted on page 22 of the Cadmus Process Evaluation, about a quarter of both participants and non-participants heard about this program via word of mouth by satisfied customers. PSNH and UES expect that word of mouth will continue to be a big part of the marketing success of the program. [Cadmus Process Evaluation, Table E-1, Page 4, Sixth Recommendation].
 7. Cost-Effectiveness: PSNH and UES are in the process of updating the 2012 plan with new energy savings resulting from the Cadmus Impact and Process Evaluation. These will be run through the Benefit/Cost model using the new Synapse developed Avoided Energy Supply Costs to determine cost effectiveness.
- B. Program Budgets: PSNH and UES' budgets for the 2012 calendar year for the proposed HPwES program will be similar to the filed budgets (but may be adjusted slightly during the

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Sep 30th revised filing). Because PSNH and UES will be offering the HPwES as a full fuel neutral program in 2012, the companies will be seeking a performance incentive on all savings derived from customer participation in the program, similar to the performance incentive the utilities have earned under the Home Energy Assistance Program since the start of the CORE Programs.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sarah B. Knowlton", with a long horizontal flourish extending to the right.

Sarah B. Knowlton
Senior Counsel

cc: Service List DE 10-188