

## STATE OF NEW HAMPSHIRE

## PUBLIC UTILITIES COMMISSION

June 6, 2012 - 10:07 a.m.  
Concord, New Hampshire

DAY 1  
*A.M. SESSION and*  
*EARLY P.M. SESSION*  
*ONLY*

NHPUC JUN15'12 PM 3:11

RE: DE 10-188  
2011 CORE ELECTRIC PROGRAMS AND  
NATURAL GAS ENERGY EFFICIENCY PROGRAMS:  
*Energy Efficiency Programs.*

PRESENT: Chairman Amy L. Ignatius, Presiding  
Commissioner Robert R. Scott  
Commissioner Michael D. Harrington

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:  
Gerald M. Eaton, Esq.

Reptg. Utilil Energy Systems and  
Northern Utilities:  
Rachel A. Goldwasser, Esq. (Orr & Reno)

Reptg. Granite State Electric Co. d/b/a  
National Grid and EnergyNorth Natural Gas  
d/b/a National Grid NH:  
Carol J. Holahan, Esq. (McLane, Graf...)

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

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

ORIGINAL

1  
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4 Dana Nute, Director

5 Reptg. Conservation Law Foundation:  
6 Jonathan Peress, Esq.

7 Reptg. the Office of Energy & Planning:  
8 Eric Steltzer, Energy Policy Analyst

9 Reptg. Residential Ratepayers:  
10 Rorie E. P. Hollenberg, Esq.,  
11 Stephen R. Eckberg  
12 Office of Consumer Advocate

13 Reptg. PUC Staff:  
14 Marcia A. B. Thunberg, Esq.  
15 James J. Cunningham, Jr., Electric Div.  
16 Al-Azad Iqbal, Electric Division

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## P R O C E E D I N G

2 CHAIRMAN IGNATIUS: I'd like to open the  
3 hearing in DE 10-188. This is a subsequent proceeding in  
4 the 2011 CORE Electric Programs and Natural Gas Energy  
5 Efficiency Programs. It's been quite a while since we  
6 were all together. So, why don't we begin by taking  
7 appearances, and then ask if there is an agreed upon plan  
8 of proceedings and make sure we're clear about what issues  
9 remain open today to be resolved. So, you be thinking  
10 about, and let's begin with appearances. Mr. Eaton.

11 MR. EATON: For Public Service Company  
12 of New Hampshire, my name is Gerald M. Eaton.

13 MS. GOLDWASSER: For Unitil Energy  
14 Systems, my name is Rachel Goldwasser, with me are Tom  
15 Palma and Ben Stephenson.

16 MS. HOLAHAN: On behalf of National  
17 Grid, Carol Holahan, from the McLane law firm.

18 CHAIRMAN IGNATIUS: Good morning.

19 MR. LINDER: Good morning. My name is  
20 Alan Linder. I'm from New Hampshire Legal Assistance.  
21 And, New Hampshire Legal Assistance represents The Way  
22 Home organization. Good morning.

23 CHAIRMAN IGNATIUS: Good morning.

24 MR. NUTE: Good morning. Dana Nute, on

1 behalf of the Community Action Agencies.

2 MR. STELTZER: Good morning. Eric  
3 Steltzer, working with the Office of Energy & Planning.

4 MR. PERESS: Good morning,  
5 Commissioners. Jonathan Peress, on behalf of the  
6 Conservation Law Foundation.

7 MS. HOLLENBERG: Good morning. Rorie  
8 Hollenberg and Stephen Eckberg, here for the Office of  
9 Consumer Advocate.

10 MS. THUNBERG: Good morning,  
11 Commissioners. Marcia Thunberg, on behalf of Staff. And,  
12 with me today is Jim Cunningham, Iqbal Al-Azad, and Tom  
13 Frantz. Thank you.

14 CHAIRMAN IGNATIUS: Good morning. And,  
15 any other parties that have just arrived?

16 (No verbal response)

17 CHAIRMAN IGNATIUS: All right. So, Mr.  
18 Eaton, do you have some advice on the order of proceeding  
19 this morning?

20 MR. EATON: Yes. We're going to go  
21 ahead with a panel of Thomas Palma, from Unitil, and  
22 Gilbert Gelineau, from Public Service Company. They have  
23 sponsored direct and rebuttal testimony, which they will  
24 go -- which they will identify. Mr. Gelineau has a short

1 summary of the procedure of how we got here. And, then,  
2 they will be able for cross-examination. I think we'll go  
3 around the room, with the Staff going last.

4                   Then, the Office of Energy & Planning  
5 has sponsored testimony from Eric Steltzer. With the  
6 Commission's permission and the agreement of the other  
7 parties, I will help Mr. Steltzer in doing some direct  
8 examination of identifying his qualifications and his  
9 experience here, and mark his testimony for  
10 identification.

11                  And, then, followed by the witness for  
12 the Staff, Mr. Eckberg, and then the panel -- I'm sorry,  
13 from OCA, Mr. Eckberg, and then the panel from the Staff,  
14 in that order, if everybody agrees and it pleases the  
15 Commission?

16                  CHAIRMAN IGNATIUS: That sounds fine.  
17 Thank you. Before we begin, are there any procedural  
18 matters that we should address? Ms. Thunberg.

19                  MS. THUNBERG: If I could take the  
20 opportunity. When you mentioned "are there issues ripe  
21 for discussion" -- or, "decision today", the only thing  
22 that Staff has thought of is the performance incentive,  
23 whether it's ripe for a discussion today. We are prepared  
24 to just address that, not as a stand-alone, but in the

1 course of our questioning of the panel. So, I'm prepared  
2 to make an argument now whether it's ripe for even  
3 inclusion today, but I can also just incorporate it into  
4 the rest of our discussion without too much delay.

5 CHAIRMAN IGNATIUS: Yes. It would be  
6 interesting to hear from parties about that. It seemed to  
7 be, both the panel from Mr. Gelineau and Mr. Palma raised  
8 incentive issues, and the Staff raised incentive issues,  
9 slightly different positions and different takes on the  
10 question of performance incentives, but I was uncertain,  
11 as I read it, whether these are things that are still to  
12 be worked through among the stakeholder group and are  
13 premature or are fully ripe for today?

14 MR. EATON: I believe this question has  
15 been in front of the Commission ever since the utilities  
16 made their first proposal, whether it's appropriate to  
17 have an incentive that applies to non-electric savings.  
18 We have requested that in each of our filings and as part  
19 of our direct testimony. I don't think -- I think the  
20 result of this proceeding is to give direction as to  
21 whether a Fuel Blind -- a Fuel Blind Home Performance with  
22 ENERGY STAR Program goes forward, and whether a  
23 performance incentive should be applied to that. If the  
24 answer to both of those questions is "yes", the utilities

1 will present something in their proposal for the 2013-2014  
2 programs. But I think it's ripe for a discussion now.  
3 And, if -- there has been a Performance Incentive Working  
4 Group among the parties to the CORE Program docket, and  
5 there are recommendations that are in the Vermont VEIC  
6 study, but the parties have not addressed that yet. And,  
7 I don't think -- I don't think the decision on whether  
8 there should be a performance incentive on the entire Home  
9 Performance with ENERGY STAR Program, I don't think that  
10 should wait until that. We've been waiting for this  
11 issue, which has been teed up since at least the Summer of  
12 2009, when the Commission approved going forward with a  
13 pilot program.

14 CHAIRMAN IGNATIUS: So, your view would  
15 be, today is the day to hear whether there should be an  
16 incentive of some amount calculated some way, but not get  
17 into what that actual amount might be. Let the Working  
18 Group spend time on the actual details, if the Commission  
19 finds that an incentive is appropriate.

20 MR. EATON: Well, we have proceeded with  
21 a performance incentive on just the cost/benefit portion  
22 of the HPwES Pilot Program. We think the issue of whether  
23 that's applied to both sides, the energy savings, as well  
24 as the cost/benefit side, we think that question is ready

1 to be answered. It's been put into our testimony, and  
2 discovery has been available on that. And, that question  
3 is ready to be decided today.

4 You're right, if another design for the  
5 entire performance incentive comes up in the course of the  
6 2013-2014 proceedings, that would be something that the  
7 Commission should address later.

8 CHAIRMAN IGNATIUS: Other comments?

9 Ms. Goldwasser?

10 MS. GOLDWASSER: Yes. Thank you,  
11 Chairman. Unitil agrees with what Attorney Eaton said,  
12 but just to frame it slightly differently. The issue  
13 today is whether the HPwES Program should be treated like  
14 all of the other energy efficiency programs in the CORE  
15 docket, including the ENERGY STAR Homes Program, which is  
16 already a fuel-neutral program. That question, "whether  
17 this program is no longer a pilot and is a permanent  
18 program that should be treated like the other programs?",  
19 is a different question from what the Shareholder Working  
20 Group thinks should happen to the performance incentive,  
21 as a whole, overall, whether it should be, you know,  
22 reconfigured, redesigned. That Working Group has met  
23 sparingly, is my understanding. And, if that, you know,  
24 that Working Group goes forward with recommendations to

1 the Commission, then those recommendations will, assuming  
2 that the HPwES Program goes forward in its fuel-neutral  
3 capacity, then those recommendations will apply to the  
4 HPwES Program, just like they would apply to anyone else.  
5 But, right now, we don't have those recommendations.

6 So, right now, today, what we're asking  
7 for is a permanent, you know, full-fledged fuel-neutral  
8 Home Performance with ENERGY STAR Program that is treated  
9 the same way, from the perspective of the performance  
10 incentive, as any -- as any other program. I'll just  
11 clarify that, on the energy savings side, we are receiving  
12 performance incentives on electric savings currently in  
13 the Pilot Program. So, the question is the fuel-neutral  
14 savings portion of the equation.

15 CHAIRMAN IGNATIUS: Other comments? Ms.  
16 Holahan.

17 MS. HOLAHAN: On behalf of National  
18 Grid, we support the positions --

19 (Court reporter interruption.)

20 MS. HOLAHAN: On behalf of National  
21 Grid, we support the positions advanced by both PSNH and  
22 Util.

23 CHAIRMAN IGNATIUS: Thank you.

24 Mr. Linder, other comments?

1 MR. LINDER: We have no objection to the  
2 Commission ruling as part of whether the program should be  
3 made permanent and a full-fledged program. We have no  
4 objection to the Commission ruling as to whether the  
5 program should have a performance incentive as part of the  
6 ruling on whether the program should be made permanent.  
7 We don't have a position as to what level of detail should  
8 be reached today on that, though.

9 CHAIRMAN IGNATIUS: Thank you.

10 MR. NUTE: I'd like to echo his  
11 sentiments for the Community Action Agencies.

12 CHAIRMAN IGNATIUS: All right.

1       be useful to have a little bit of time to allow those  
2       groups to solidify their recommendations.

3                     CHAIRMAN IGNATIUS: Mr. Steltzer, I  
4       think I got confused by you're opening line. Did you say  
5       you were supporting the utilities' interest in having us  
6       take up today and resolve in an order soon whether an  
7       incentive is appropriate for all aspects of the HPwES  
8       Program, if it's made a permanent program, but the actual  
9       terms and calculations may be part of this other EESE  
10      Board study?

11                  MR. STELTZER: That is correct. I think  
12      the conversation today is about the expansion of the  
13      Fuel-Neutral Home Performance with ENERGY STAR Program  
14      into a fully participatory program in the CORE proceeding.  
15      And, the calculation on how to -- for that performance  
16      incentive should be held to a later date.

17                  CHAIRMAN IGNATIUS: All right. Other  
18      comments? Staff? Ms. Thunberg.

19                  MS. THUNBERG: I opened up, but I don't  
20      think I put Staff's opinion on the record. I think we  
21      have more agreement than I initially thought. That, yes,  
22      there's more information to be had out there on  
23      recommendations on what the future performance incentive  
24      should look like. Staff is here today to discuss the

1 permanency of the Fuel-Neutral HPwES Program. We weren't  
2 here today to really get into the battle of the permanency  
3 of a performance incentive on the total HPwES Program.

4 One distinction Staff would like to draw  
5 is the non-electric savings portion of the HPwES Program  
6 is different than some of the other programs. So, to just  
7 say "we want the performance incentive on HPwES like it's  
8 been applied to the other programs", this is a little --  
9 the HPwES is a little bit different. So, just that Staff  
10 does not agree that, just because the other programs have  
11 the performance incentive on it, that HPwES should -- is  
12 ready for that kind of a model. We would -- our position  
13 is, we would prefer to have the status quo on performance  
14 incentive only apply to the electric savings at this  
15 point.

16 CHAIRMAN IGNATIUS: So, even as to the  
17 conceptual notion, "should there be a performance  
18 incentive on the non-electric investments, if the program  
19 were to become permanent?", you think that's premature?  
20 Not the actual number to be applied or the calculations,  
21 but the conceptual notion that incentive earned on the  
22 non-electric investments?

23 MS. THUNBERG: I'll say that "yes", but  
24 there is the practical, that the Commission needs to make

1       a decision on or should make some kind of decision on  
2       performance incentive, if it's deciding whether the  
3       program should be full or in its pilot state. We just  
4       don't want to be foreclosed that a decision on performance  
5       incentive coming out of today's hearing preclude us from  
6       introducing some of the work that the VEIC and EESE Board  
7       -- or, the EESE Board and the Working Groups of CORE are  
8       doing with respect to the VEIC recommendations. So, I  
9       guess -- I think I've said it. Thank you.

10                     CHAIRMAN IGNATIUS: All right. Thank  
11       you. All right. Then, if there's nothing further, it  
12       sounds as though there is more or less agreement that we  
13       entertain discussions about, obviously, the main issue is  
14       whether this program should be made permanent or continue  
15       as a pilot, is the main issue for today, and the utility  
16       companies' testimony about why they think the incentives  
17       are appropriate for all aspects of the program is  
18       appropriately part of today's proceedings.

19                     And, as Mr. Eaton said, if there were a  
20       ruling that found in support of your position, then the  
21       next thing that would happen would be, as part of the 2012  
22       -- 2013-14 filing, those details would be fleshed out, in  
23       addition to the work that the EESE Board's doing and the  
24       Performance Incentive Working Group, we have sort of

multiple places where the same issues are being discussed,  
it sounds like. But they would all be rolled in for the  
summer discussions and fall filing for the next budget  
cycle?

5 MR. EATON: I would agree with that, the  
6 way the Chairman has characterized it.

7 CHAIRMAN IGNATIUS: Okay. Good. I  
8 think we've got a game plan. Then, anything further,  
9 before we begin with the first panel?

10 (No verbal response)

11 CHAIRMAN IGNATIUS: If not, Mr. Eaton.

12 MR. EATON: I'd like to call to the  
13 stand Gilbert Gelineau, Jr., and Mr. Thomas Palma.

17 (Brief off-the-record discussion  
18 ensued.)

19 GILBERT E. GELINEAU, JR., SWORN

20 THOMAS PALMA, SWORN

21 DIRECT EXAMINATION

22 BY MR. EATON:

23 Q. Mr. Gelineau, would you please state your name for the  
24 record.

1 A. (Gelineau) My name is Gilbert Gelineau.

2 Q. And, for whom are you employed?

3 A. (Gelineau) Public Service Company of New Hampshire.

4 Q. And, what is your position and what are your duties?

5 A. (Gelineau) I am the Manager of Marketing Support. And,

6 in that capacity, I'm responsible for the

7 administration and implementation of the Company's

8 energy efficiency programs.

9 Q. Have you previously testified before this Commission?

10 A. (Gelineau) I have.

11 Q. Mr. Palma, will you please state your name for the

12 record.

13 A. (Palma) Thomas Palma.

14 Q. And, for whom are you employed?

15 A. (Palma) Unitil Service Corp.

16 Q. What is your position and what are your duties in that

17 position?

18 A. (Palma) I'm the Manager of Distributed Energy

19 Resources. And, my duties include management and the

20 design and policy and regulatory side of energy

21 efficiency programs in New Hampshire and Massachusetts.

22 Q. And, have you previously testified before this

23 Commission?

24 A. (Palma) I have.

1 Q. Mr. Gelineau, did you assist in preparing testimony  
2 that was filed with the Commission on February 15th,  
3 2012 in this proceeding?

4 A. (Gelineau) I did.

5 Q. And, Mr. Palma, did you participate in preparing that  
6 testimony?

7 A. (Palma) I did.

8 Q. And, is that testimony entitled "Joint Testimony of  
9 Gilbert E. Gelineau and Thomas Palma"?

10 A. (Palma) Yes, it is.

11 Q. Do you have any corrections to make to that testimony?

12 A. (Gelineau) No.

13 A. (Palma) No.

14 Q. Is it true and accurate to the best of your knowledge  
15 and belief?

16 A. (Gelineau) Yes, it is.

17 Q. And, does it include attachments that go out to a Bates  
18 number of "000033"? In other words, are your  
19 attachments included with that testimony?

20 A. (Gelineau) Yes, they are.

21 Q. And, are you adopting that testimony as your direct  
22 testimony today?

23 A. (Gelineau) Yes, we are.

24 A. (Palma) Yes, we are.

1                           MR. EATON: I wonder if that could be  
2 marked for identification as "Exhibit 29"?

3                           CHAIRMAN IGNATIUS: So marked for  
4 identification.

5                           (The document, as described, was  
6 herewith marked as **Exhibit 29** for  
7 identification.)

8 BY MR. EATON:

9 Q. Mr. Gelineau, did you also participate in preparing  
10 rebuttal testimony in this proceeding?

11 A. (Gelineau) Yes, I did.

12 Q. And, Mr. Palma, did you participate in that same  
13 preparation?

14 A. (Palma) Yes, I did.

15 Q. And, do you have in front of you a document under the  
16 cover letter from Attorney Goldwasser, dated "May 4,  
17 2012", entitled "Joint Rebuttal Testimony of Gelineau  
18 E. Gelineau, Jr., and Thomas Palma"?

19 A. (Gelineau) Yes.

20 A. (Palma) Yes.

21 Q. And, is that the testimony that you gentlemen prepared?

22 A. (Gelineau) Yes, it is.

23 A. (Palma) Yes, it is.

24 Q. And, do you have any corrections to make to that

1                   testimony?

2 A. (Palma) No.

3 A. (Gelineau) No, we don't.

4 Q. And, is it true and accurate to the best of your

5 knowledge and belief?

6 A. (Palma) Yes, it is.

7 A. (Gelineau) Yes, it is.

8 Q. And, you adopt it as your joint rebuttal testimony

9 today?

10 A. (Gelineau) Yes.

11 A. (Palma) Yes.

12                   MR. EATON: I would like that marked as

13 "Exhibit 30" for identification.

14                   CHAIRMAN IGNATIUS: So marked.

15                   (The document, as described, was

16                   herewith marked as **Exhibit 30** for

17                   identification.)

18 BY MR. EATON:

19 Q. Mr. Gelineau, very generally, your testimony describes

20 the -- your direct testimony describes the proposal

21 that the Company has before the Commission for the

22 permanent Home Performance with ENERGY STAR Program,

23 correct?

24 A. (Gelineau) That's correct.

1 Q. And, for the sake of clarity, where all the way back to  
2 2008, the two utilities have made proposals, is that  
3 correct?

4 A. (Gelineau) Yes. We have made proposal -- anything  
5 specific, in terms of "proposals"?

6 Q. Well, I'm just saying, can the Commissioners rely on  
7 the description that's in your joint direct testimony  
8 as the description of the program that you would like  
9 to have them consider as the permanent program?

10 A. (Gelineau) Yes, they may.

11 Q. Was the Pilot Program evaluated by an outside  
12 consultant or consultants, the Pilot Program?

13 A. (Gelineau) The Pilot Program has been evaluated by  
14 outside consultants on several occasions.

15 Q. And, do you have in front of you a document that is  
16 evidence -- or, please explain who evaluated the  
17 program, the Pilot Program?

18 A. (Gelineau) From a formal evaluation standpoint, we have  
19 had it evaluated by two different consultants and three  
20 different studies. The first was a study that was  
21 undertaken by KEMA Associates, and they did an initial  
22 review of the Pilot Program. And, after the program  
23 had been in operation for a full winter period, a full  
24 year period, it was then evaluated both in terms of how

the program operated, a process evaluation, and then also included an impact evaluation, looking at the actual results of the program. Those, the latter two evaluations, were conducted by Cadmus.

5 Q. And, do you know if they have been submitted to the  
6 Commission and -- have they been submitted to the  
7 Commission?

8 A. (Gelineau) They have. And, I know that the Cadmus  
9 evaluations, for certain, are on the Commission's  
10 website. I believe the other one may be as well.

11 Q. Do you have copies of the Cadmus evaluations with you?

12 A. (Gelineau) I do not. No, I don't.

13 (Atty. Eaton handing documents to the  
14 witnesses.)

15 BY MR. EATON:

16 Q. Do you have the evaluations in front of you now?

17 A. (Gelineau) Yes, I do.

18 Q. And, please describe the process evaluation.

19 A. (Gelineau) Well, as I indicated, the process evaluation  
20 reviewed the implementation of the program, as to how  
21 the program was designed and how the program was  
22 actually implemented. And, that is the -- that is the  
23 document that's dated "June 13th, 2011". And, as I  
24 say, that was conducted after the program had been in

1                   operation for some time. Actually, we wanted to make  
2                   sure that the program had been in operation for at  
3                   least a full cycle, a full year. And, this evaluation  
4                   took place at that time.

5                   MR. EATON: Madam Chairwoman, could we  
6                   have this marked for identification as "Exhibit 32"?

7                   CHAIRMAN IGNATIUS: Is it 31?

8                   MS. DENO: Yes.

9                   CHAIRMAN IGNATIUS: This is the full  
10                  Cadmus reports?

11                  MR. EATON: It has all but the  
12                  attachments. It's an 87-page report. And, we made copies  
13                  of the report, but the attachments are not included with  
14                  what I prepared. But they are on the Commission's  
15                  website.

16                  CHAIRMAN IGNATIUS: And, have the  
17                  parties had a chance to see this?

18                  MS. THUNBERG: Yes.

19                  CHAIRMAN IGNATIUS: Any objection to  
20                  this being marked for identification?

21                  (No verbal response)

22                  CHAIRMAN IGNATIUS: All right. Seeing  
23                  none, Exhibit 31.

24                  (The document, as described, was

herewith marked as **Exhibit 31** for identification.)

(Atty. Eaton distributing documents.)

BY MR. EATON:

Q. And, Mr. Gelineau, do you have a copy of the impact evaluation in front of you?

A. (Gelineau) I do.

Q. And, could you please briefly describe that?

CMSR. HARRINGTON: Excuse me. Is that a  
r is it the same that you just handed

MR. EATON: It is a separate document.

CMSR. HARRINGTON: Okay.

MR. EATON: I had provided Mr. Gelineau  
a copy of each of the evaluations.

**BY THE WITNESS:**

A. (Gelineau) This document goes through the evaluation of the program with respect to the impact or the results that the program is able to achieve. And, it discusses things like billing analyses, site visits to homes to review the quality of the workmanship that went into the project, and also to evaluate the actual savings, the energy savings. The end result or the net result of the impact evaluation is to attempt to identify

1           exactly what the savings might accrue from the measures  
2           that were installed under the program.

3 BY MR. EATON:

4 Q. And, what is the date of that evaluation?

5 A. (Gelineau) This, too, is dated "June 13th, 2011".

6           MR. EATON: Could we have that marked  
7           for identification as "Exhibit 32"?

8           CHAIRMAN IGNATIUS: Again, have parties  
9           had an opportunity to see that? Is there any objection to  
10          it being introduced?

11           (No verbal response)

12           CHAIRMAN IGNATIUS: All right. Seeing  
13          no objection, that will be Exhibit 32 for identification.

14           (The document, as described, was  
15           herewith marked as **Exhibit 32** for  
16           identification.)

17           (Atty. Eaton distributing documents.)

18 BY MR. EATON:

19 Q. Mr. Gelineau, could you please provide a brief summary  
20           of the process of where we have come to arrive at  
21           today's hearing?

22 A. (Gelineau) Certainly. Our testimony goes through the  
23           process that led us to be here today, I guess. Over  
24           the past 20 years, Unitil and PSNH have been providing

1 weatherization services to our customers. Through  
2 2008, the weatherization services were offered to  
3 electrically heated homes. And, beginning in 2008, we  
4 ran into significant difficulty in terms of finding  
5 sufficient numbers of customers to participate in the  
6 program. At that time, we did an analysis, and that  
7 analysis concluded that we had roughly, in PSNH's  
8 service territory, some 8,500 customers, or less than  
9 4 percent, who would be in a position to actually  
10 participate in the program, by virtue of the fact they  
11 used electric heat.

12 So, the analysis that we did was to  
13 identify customers who actually used electric heat in  
14 their homes and would be candidates for participation  
15 in the program. We specifically marketed to those  
16 customers, and reached out to them specifically, and we  
17 got about a 4 percent return on that. So, again,  
18 despite the fact that we had identified everyone that  
19 would be eligible to participate, reached out to them  
20 specifically, we were still not receiving that many  
21 customers. That the program was not -- it was going to  
22 be difficult to continue under that kind of a  
23 situation.

24 So, we looked for alternatives. And,

1           one of the -- and, the alternative that we came up with  
2           was a fuel-neutral approach. And, we can get into --  
3           there are many reasons for that. But, broadly, this  
4           seemed to be in line with state policy, it was in line  
5           with the GDS study, which had suggested that we should  
6           be pursuing fuel neutral if we're going to acquire or  
7           get all of the electric energy savings that are  
8           possible to get. And, it also comported with the  
9           Climate Action Plan that the state had. So, we felt  
10          that this was the right direction to go, and we  
11          proposed that in 2009.

12           The Commission reviewed that. Felt that  
13          we were potentially on the right track, and they made a  
14          ruling that the SBC funds could, in fact, be used for  
15          that kind of a program, that is a fuel-neutral program.  
16          But they felt that all of the issues had not been  
17          addressed adequately, and they felt that we should go  
18          back to the drawing boards and work with the parties  
19          and come up with a response as to a number of questions  
20          that the Commission had asked in their order.

21           This order was issued, I believe,  
22          probably in early January. In April, we came back,  
23          April 2010 -- '09, and we came back and provided a  
24          proposal, that proposal for a fuel-neutral pilot. That

1 proposal was approved in June. And, we went forward  
2 and issued or -- and implemented a fuel-neutral  
3 program.

4 We continued in 2010 with a second  
5 proposal to continue. And, again, through the process  
6 of working with the parties, we came up with a  
7 settlement agreement, and the Pilot Program continued  
8 in 2010, and was approved by the Commission to move  
9 forward in 2010.

10 In 2011, similarly, we had a similar  
11 situation where we proposed a full-scale program. And,  
12 we were -- we negotiated and we came up with a proposal  
13 to continue with the Pilot Program.

14 In 2012, again, we came back and  
15 proposed a full-scale program. And, again, we agreed  
16 that we would continue with the Pilot. But the  
17 Commission had suggested that we really needed to  
18 resolve this issue of full-scale versus pilot. And,  
19 so, that was the genesis of the docket that -- or, the  
20 particular proceeding that we're in right now. And,  
21 it's our hope today that we're able to reach a  
22 conclusion, as far as whether or not this is an  
23 appropriate use of Systems Benefits Charge funds, and  
24 an appropriate use of the resources that we are

1                   bringing to this program, as well as whether or not a  
2 shareholder incentive makes sense for this particular  
3 program.

4                   I think that we also discuss in our  
5 testimony that there is an issue that's been raised as  
6 to whether or not it's fair to all customers concerned,  
7 relative to this particular program, is this a fair  
8 issue? And, specifically, Staff has suggested that we  
9 have some customers who heat with electricity and some  
10 who do not. And, as a consequence, some customers may,  
11 in fact, be subsidizing other customers. We appreciate  
12 Staff's analysis that they did on this particular  
13 issue, and conducted our own analysis, in which we  
14 determined that better than -- 99 percent of our  
15 customers do not heat with electricity. So,  
16 essentially, all of our customer base are similarly  
17 situated; that is, they do not heat with electricity.  
18 And, as such, we feel as though that -- that that  
19 really says that we don't believe that there is a  
20 fairness issue, inasmuch as all of our customers are  
21 similarly situated relative to how they heat their  
22 homes.

23                   And, for those few customers who are in  
24 the one percent, we have extended opportunities for

1           that group -- customer group to participate in the  
2           program, as I say, for the past twenty years. And, we  
3           have done specific outreach to that group of customers  
4           in the recent past. I would also say that the  
5           fuel-neutral program does not preclude this group of  
6           customers from participating in the program. It is  
7           open to all customers, including those who heat with  
8           electricity.

9                         In summary, we believe that the program  
10          that we've put forth comports with all of state  
11          statutes, Commission orders, comports with the Climate  
12          Action Plan. And, we believe that the time is ripe to  
13          move forward and make this a full-scale program, and  
14          that a performance incentive is appropriate for this  
15          particular program.

16                         I think that there has been discussion  
17          this morning already as to the performance incentive,  
18          as to, you know, whether or not it should stay, stay  
19          the same as it is right now, or move forward. And, I  
20          would suggest that, given that the program -- if the  
21          program were to be made a full-scale program, the  
22          program would be on the same basis as all of the other  
23          programs.

24                         Sometimes it's easier to see things in

1                   the negative, I guess. And, I would ask the question,  
2                   if everything is -- if this becomes a full-scale  
3                   program, why would the performance incentive be  
4                   different for this program? And, I think that all of  
5                   the programs are subject to a review by the information  
6                   that's available in the study that was done by VEIC.  
7                   All of the programs are subject to review of the  
8                   Working Group that the Commission and Staff has  
9                   assembled to move forward. So, all of the programs  
10                  would be subject to those changes.

11                   My point would be that there's no reason  
12                  for this program to be any different from any of the  
13                  other programs, and that, were it to change in the  
14                  future, that would be no different from treating it --  
15                  that would be no different treatment from any other  
16                  program. So, with that, I'll pause and --

17                   MS. THUNBERG: Chairman Ignatius, I just  
18                  have a question. Because it was Staff's understanding  
19                  going into this hearing that we would forgo summarizing  
20                  our testimony. But I think it would be appropriate to ask  
21                  the Commissioners if you would like our witnesses, as we  
22                  present them, to do a summary, or whether you have read  
23                  the testimony and we can forgo summarizing the testimony  
24                  and go into direct -- I mean, cross.

1                           CHAIRMAN IGNATIUS: Well, we have read  
2 the testimony. Mr. Eaton had said he was going to begin  
3 with a summary from Mr. Gelineau, and there was no  
4 objection to that. So, I assumed that had been cleared by  
5 everyone. But, in general, we don't do a lot of  
6 summarizing, but, if so, fairly briefly.

7                           Mr. Eaton, how much more of the  
8 background do we have here?

9                           MR. EATON: The witnesses are available  
10 for cross-examination.

11                          CHAIRMAN IGNATIUS: Thank you. Ms.  
12 Goldwasser?

13                          MS. GOLDWASSER: Nothing. Thank you.

14                          CHAIRMAN IGNATIUS: Ms. Holahan?

15                          MS. HOLAHAN: Nothing.

16                          CHAIRMAN IGNATIUS: Mr. Linder?

17                          MR. LINDER: Yes. Thank you. I have  
18 some questions of the panel.

19                          **CROSS-EXAMINATION**

20 BY MR. LINDER:

21 Q. Can I ask the panel to turn to Page 7 of the Exhibit  
22 29, which is the direct testimony?

23                          CHAIRMAN IGNATIUS: Commissioner  
24 Harrington just left the room. And, his favorite question

1       is "Which Page 7 are we talking about?" So, can we just  
2       use the Bates numbers in the right-hand corner for  
3       consistency?

4 MR. LINDER: Yes. And, in this case,  
5 they happen to both be the same, fortunately, for me, when  
6 I asked that question.

7 CHAIRMAN IGNATIUS: Oh. Well, the  
8 testimony, Page Bates 000016 I have is Page "7" in the  
9 center. So, does it have "Background and Procedural  
10 History" in the center?

11 MR. LINDER: Yes, it is.

12 CHAIRMAN IGNATIUS: So, however you can  
13 find that in your various copies.

14 BY THE WITNESS:

15 A. (Gelineau) I'm on Page 7.

16 BY MR. LINDEM

17 Q. Okay. Thank you. The question and the answer running  
18 from Lines 10 through 24 is basically asking for "some  
19 background" as to where the Home Performance with  
20 ENERGY STAR Pilot came from. Is that a correct  
21 characterization of that?

22 A. (Gelineau) Yes, it is.

23 Q. And, am I correct that, Mr. Gelineau, that you were  
24 involved in the planning and program design of the CORE

1 programs when they began in 2001-2002?

2 A. (Gelineau) Sunday was the tenth anniversary, and, yes,  
3 I was there.

4 Q. Happy anniversary.

5 (Laughter.)

6 BY MR. LINDE:

7 Q. Am I correct that the planning probably began in the  
8 2000-2001 time frame, and culminated in the first CORE  
9 Settlement Agreement, which was presented to the  
10 Commission in 2001?

11 A. (Gelineau) That's correct.

12 Q. And, there was also a Settlement Agreement that was  
13 presented to the Commission in 2002, which was  
14 basically kind of a Phase II of the initial program  
15 planning, is that about correct?

16 A. (Gelineau) That's correct.

17 Q. And, am I correct that, before there was a program that  
18 was called "Home Performance with ENERGY STAR", the  
19 name originally was the "Residential Retrofit Program",  
20 and then that became "Home Energy Solutions Program"?

21 A. (Gelineau) I believe that's correct. yes.

22 Q. And, basically, that was a non-low income  
23 weatherization type program?

24 A. (Gelineau) Yes, it was.

1 Q. Okay. And, the low income program was basically known  
2 as the "Home Energy Assistance Program"?

3 A. (Gelineau) That is correct.

4 Q. The original design of the -- the 2001-2002 original  
5 design of the program, whether we call it "Residential  
6 Retrofit Program" or whether we call it the Home Energy  
7 Solutions", HES Program, was designed to focus on  
8 electric space heating customers and high-use electric  
9 customers?

10 A. (Gelineau) That's correct.

11 Q. And, is that basically what you're saying in your -- as  
12 part of your response on Page 000007, Bates stamp,  
13 Exhibit 29, Lines 13 through 24?

14 A. (Gelineau) Yes. That's true.

15 Q. Okay. And, particularly, Line 21, which states that  
16 "Weatherization and insulation services, however, were  
17 only offered to customers with electrically heated  
18 homes"?

19 A. (Gelineau) That's correct.

20 Q. Okay. Was it your understanding back then that the  
21 high-use electric customers might or might not be  
22 heating exclusively with electric space heat?

23 A. (Gelineau) That was often the case. Customers often  
24 has a mix of heating systems, and that's what we found.

1 Q. And, would you agree that, basically, from the  
2 beginning of the CORE programs in 2001-2002, which were  
3 approved by the Commission, that the programs, although  
4 they focused on electric space heating customers and  
5 high-use customers, were really open to all customers?

6 A. (Gelineau) Yes. It wasn't precluded, *per se*, but our  
7 emphasis was on trying to find those who had high-use  
8 or electric heat, which, typically defined, it was a  
9 customer who was a high use of -- user of electricity.  
10 Our intent here was to make sure that the dollars that  
11 we're spending on this program provided the maximum  
12 benefit. And, by looking for those that had the most  
13 usage, we felt that we were pursuing -- that was the  
14 way to get there.

15 Q. And, that was considered a cost-effective way of  
16 delivering the services to those customers?

17 A. (Gelineau) That's true.

18 Q. Now, under the original programs, when or if the  
19 Company determined that they had served as much as they  
20 could those customers who heated with electric space  
21 heat, that services were then provided to customers who  
22 did not heat exclusively with permanently installed  
23 electric heat?

24 A. (Gelineau) That's correct.

1 Q. And, that would include some weatherization services?

2 A. (Gelineau) Well, we did not offer weatherization  
3 services to customers without electric heat prior to  
4 the approval in 2009 of this fuel-neutral program. So,  
5 we were focused on -- we did have customers, who did  
6 not heat exclusively with electricity, who participated  
7 in the earlier version of the program.

8 Q. Okay. And, just for historical purposes, I want to  
9 show you a document. It's actually -- and please tell  
10 me if -- this is a packet of documents. Please tell me  
11 if you recognize them.

12 (Atty. Linder distributing documents to  
13 the witnesses.)

14 **BY THE WITNESS:**

15 A. (Gelineau) These look like excerpts from earlier, from  
16 very early filings within the CORE programs, and a  
17 portion of a Settlement Agreement.

18 BY MR. LINDER:

19 Q. Might it be portions of both the first and second  
20 Settlement Agreements that I had referred to earlier?

21 A. (Gelineau) Yes.

22 MR. LINDER: Okay. With the  
23 Commission's permission, I'd like to distribute these to  
24 the Commissioners, and then ask if it can be marked?

1 (Atty. Linder distributing documents.)

2 CHAIRMAN IGNATIUS: Is there any  
3 objection to having them marked for identification?

4 (No verbal response)

5 CHAIRMAN IGNATIUS: Seeing none, they  
6 will be marked as "Exhibit 33".

7 (The document, as described, was

8 herewith marked as **Exhibit 33** for  
9 identification.)

10 BY MR. LINDER:

11 Q. Mr. Gelineau, could you just turn to the very first  
12 page of the packet. There's a cover page.

13 A. (Gelineau) This is the one with the letter dated  
14 "October 4th"?

15 Q. Right. And, do you see at the bottom of the page a  
16 handwritten number "1" in a circle?

17 A. (Gelineau) I do.

18 Q. Okay. So, when I refer to pages in this packet, I'm  
19 going to refer to the handwritten circled number at the  
20 bottom of the page, which I handwrote myself. And,  
21 that cover letter is dated "October 4th, 2001", on that  
22 Page 1 circled?

23 A. (Gelineau) That's correct.

24 Q. And, does that refer to "Docket Number DE 01-057"?

1 A. (Gelineau) It does.

2 Q. And, would that be the docket number of the two

3 Settlement Agreements that are in this -- portions of

4 which are in this packet?

5 A. (Gelineau) Certainly appears to be, yes.

6 Q. And, the reason that I'm presenting you with this

7 packet, and the last page of which is marked with a

8 handwritten "16" in a circle on the bottom?

9 A. (Gelineau) That's the last page in my packet, yes.

10 Q. Okay. The reason that I'm presenting you with this

11 16-page packet, which has been marked as "Exhibit 3"

12 [Exhibit 33?] for identification, is I just want to

13 direct your attention to a couple of items in this

14 packet.

15 A. (Gelineau) Okay.

16 Q. That perhaps you can just identify. If you turn to the

17 Page "2" circled, you see a document that's entitled

18 "Settlement Agreement"?

19 A. (Gelineau) I have it.

20 Q. Okay. And, then, going to the next page, which would

21 be Page "3" circled, you see the next to the last

22 "whereas" on the page?

23 A. (Gelineau) Yes, I do.

24 Q. And, the very last sentence of that paragraph says that

1           "A description of the Core Programs is included in the  
2       Utilities' March 14, 2001 filing attached hereto as  
3       Exhibit A." Did I read that correctly?

4   A. (Gelineau) Yes, you did.

5   Q. Okay. So, if we turn to the next page in the packet,  
6       which is "4" circled, if you look at the very top of  
7       the page, do you see the word "Exhibit A"?

8   A. (Gelineau) Yes, I do.

9   Q. Okay. And, then, if you go to the next page, which is  
10      Page "5" circled, it's a "Table of Contents" page?

11   A. (Gelineau) That's what I have, yes.

12   Q. And, do you see, under "Section II", "Residential  
13      Retrofit Program" refers to a Page "10"?

14   A. (Gelineau) That's correct.

15   Q. Okay. And, if I can just direct your attention to --  
16       the next page in the packet that I wanted to direct  
17       your attention to is Page "8" circled on the bottom.

18   A. (Gelineau) I'm at that page now.

19   Q. Okay. And, do you see at the very top it says  
20       "Eligible Population"?

21   A. (Gelineau) Yes, I did do.

22   Q. Okay. And, we're talking about the Residential  
23      Retrofit or the Home Energy Solutions Program. And, I  
24      just wanted to direct your attention to -- you see on

1                   the fourth line of that first paragraph it says "In  
2                   some areas", --  
3 A.               (Gelineau) Yes, I do.  
4 Q.               -- "there may be significant electric heat population  
5                   that will be the focus of service delivery"?  
6 A.               (Gelineau) Yes, I see that.  
7 Q.               And, then it goes on to say, "In other areas, electric  
8                   heat customers may have been served in previous years  
9                   by the utility, so the program may concentrate on high  
10                  general electric use customers."  
11 A.               (Gelineau) Correct.  
12 Q.               Did I read that correctly?  
13 A.               (Gelineau) Yes, you did.  
14 Q.               And, then, the last sentence, "In some regions, most  
15                  eligible high use customers may have received services,  
16                  so the program will be available to unserved customers  
17                  as needed." Did I read that correctly?  
18 A.               (Gelineau) Yes, you did.  
19 Q.               And, that was generally the focus of my question, that,  
20                  once the high-use customers had been served, then the  
21                  program was open to other customers as available?  
22 A.               (Witness Gelineau nodding in the affirmative.)  
23 Q.               Okay. And, going to the next page in the packet, which  
24                  is Page "9" circled on the bottom. In the middle of

1           the page, do you see -- oh, actually, at the top of the  
2           page it says "Exhibit C Core Residential Program  
3           Design Components". Do you see that?  
4 A.       (Gelineau) I do.  
5 Q.       And, then, in the middle of the page roughly, Section  
6           B, as in "boy", says "Residential Retrofit"?  
7 A.       (Gelineau) I see that.  
8 Q.       And, the fourth line down in that paragraph, the last  
9           word begins a new sentence, starting with the word  
10          "additional"?  
11 A.       (Gelineau) Yes, I see that.  
12 Q.       And, on my copy, it reads: "Additional residential  
13          customers may be deemed eligible if cost effective."  
14 A.       (Gelineau) Correct.  
15 Q.       Did I read that correctly?  
16 A.       (Gelineau) Yes, you did.  
17 Q.       Okay. And, can you explain what "cost effective" meant  
18          in this context?  
19 A.       (Gelineau) It meant that the benefits that could be --  
20          that would accrue from implementation of the program  
21          would exceed the cost of implementing the program.  
22 Q.       And, then, just a couple more pages in the packet, I  
23          want to direct your attention to Page "11" circled on  
24          the bottom. And, in your packet, would that be a cover

1           letter dated "May 8th, 2002"?

2 A. (Gelineau) 2002. Yes.

3 Q. Yes. And, that refers to a Settlement Agreement in DE  
4 01-057?

5 A. (Gelineau) Yes.

6 Q. So, that would be the second Settlement Agreement?

7 A. (Gelineau) (Nodding in the affirmative). Correct.

8 Q. Okay. And, if we go to the next page, which is  
9 Page "12" circled, it says "Settlement Agreement", and  
10 then under that "May 8, 2002"?

11 A. (Gelineau) Yes. I'm at that page.

12 Q. Okay. And, I wanted to direct your attention to the  
13 marketing plan that is attached. So, if you go to the  
14 next circled page, which would be Page 13, --

15 A. (Gelineau) Yes.

16 Q. -- just directing your attention where the dot is in  
17 the margin, it says "Attachment 3 Marketing Plan". Do  
18 you see that?

19 A. (Gelineau) I see that.

20 Q. So, if we went to the next page, Page "14" circled, it  
21 says "Marketing Plan April 26, 2002".

22 A. (Gelineau) Yes, I see that.

23 Q. See that? Okay. So, if we go to the very last page of  
24 the packet, and we're in the Marketing Plan, --

1 A. (Gelineau) This is Page "16" circled?

2 Q. Page "16" circled. Thank you.

3 A. (Gelineau) Yes.

4 Q. And, at the top of the page it says "Target

5 Market/Strategy/Tactics"?

6 A. (Gelineau) Yes, I see that.

7 Q. Okay. And, then, you see right under that, number

8 "1. Target Market"?

9 A. (Gelineau) Yes.

10 Q. And, starts off, on my copy, "The program will serve

11 customers/members with electric heat or high general

12 electric use."

13 A. (Gelineau) Right.

14 Q. Did I read that correctly?

15 A. (Gelineau) Yes. Uh-huh.

16 Q. Okay. And, the last sentence in that first paragraph,

17 on my copy, says "In some regions, most eligible high

18 use customers may have received services, so the

19 program will be available to unserved customers as

20 needed." Did I read that correctly?

21 A. (Gelineau) Yes. That's correct.

22 MR. LINDER: Okay. That's all I have.

23 Thank you.

24 CHAIRMAN IGNATIUS: Thank you.

1 Mr. Nute, questions?

2 MR. NUTE: No questions.

3 CHAIRMAN IGNATIUS: No. Mr. Steltzer?

4 MR. STELTZER: Yes, I have a few.

5 BY MR. STELTZER:

6 Q. Mr. Gelineau, you mentioned earlier in your summary of  
7 the testimony that electric heat customers are eligible  
8 to participate in the Fuel-Neutral Home Performance  
9 with ENERGY STAR, is that correct?

10 A. (Gelineau) That is correct.

11 Q. Are you aware of any electric heat customers that have  
12 been turned away from the Home Performance with ENERGY  
13 STAR Program?

14 A. (Gelineau) I am not, no.

15 Q. I believe in some of the data requests you discussed a  
16 plan to direct market these electric customers, is that  
17 correct?

18 A. (Gelineau) In which document are you referring to?

19 Q. Well, maybe I'll just ask it in a general way for you  
20 to answer. Do you have plans to direct market electric  
21 heat customers?

22 A. (Gelineau) Yes, we do.

23 Q. Could you expand on what some of those -- what some of  
24 that plans entail?

- 1 A. (Gelineau) I had mentioned earlier that we had  
2 undertaken a direct marketing plan to customers who  
3 were identified in 2008 as using electric heat. As  
4 part of the analysis that has been done in conjunction  
5 with this particular proceeding, we have undertaken a  
6 second analysis of our current customer base -- of our  
7 current customer base, and determined those customers  
8 who have an electric heat pattern, that is that they  
9 appear to be using electric heat, their usage in the  
10 wintertime is substantively above what it is in the  
11 shoulder months. And, those customers are customers  
12 that we would, again, undertake a direct marketing  
13 effort to, to reach out to those customers specifically  
14 and make the offering to those customers.
- 15 A. (Palma) If I can jump in, Unitil used the same  
16 algorithm that PSNH used, and is prepared to follow  
17 suit.
- 18 Q. Thank you. Is it fair to say then that electric heat  
19 customers will be served by the Fuel-Neutral Home  
20 Performance with ENERGY STAR Program going forward?
- 21 A. (Gelineau) We certainly hope so. We're going to reach  
22 out to them and do everything we can to bring them to  
23 the table.
- 24 Q. The next line of questioning has to deal with the

1 interclass thoughts that are provided by PUC Staff.

2       Are you aware of whether the restructuring statutes  
3       define "customer classes"?

4 A. (Gelineau) I am not aware of any place in the  
5 restructuring statute that defines a "customer class",  
6 *per se*.

7 MR. STELTZER: I have a copy here of Puc  
8 Rule 308.11 that I'd like to pass out.

9 (Mr. Steltzer distributing documents.)

10 MR. STELTZER: And, if it pleases the  
11 Commission, I would like to enter this, and I think it's  
12 "Exhibit 34"?

13 CHAIRMAN IGNATIUS: So marked for  
14 identification.

15 (The document, as described, was  
16 herewith marked as **Exhibit 34** for  
17 identification.)

18 BY MR. STELTZER:

19 Q. This document here is a copy of Puc Rule "308.11 F-1  
20 Supplemental Quarterly Financial and Sales  
21 Information". It's a two-sided document. I wanted to  
22 refer you to the second page of this document, at the  
23 bottom it's noted as page number "34". And,  
24 specifically, Section (g), which begins with

1           "Schedule 3". Could you please read into the record  
2           the following part of that rule that begins with "A  
3           breakdown".  
4       A. (Gelineau) Certainly. "A breakdown of total revenue,  
5           including revenue associated with distribution service,  
6           transmission service, stranded cost recovery,  
7           transition service, default service, and any other item  
8           which a utility bills that it classifies as revenue for  
9           financial reporting purposes, earned by [a] class of  
10          customer, as follows:" And, then, it lists  
11          "Residential; small commercial and industrial; large  
12          commercial and industrial; public street and highway  
13          lighting; other sales to public authorities; and sales  
14          for resale."  
15       Q. Thank you. Does this document indicate any sort of  
16          subclass to the residential class?  
17       A. (Gelineau) It would not appear to me to be that way,  
18          no. I don't believe so.  
19       Q. And, I should say that's "subclass" or "intraclass" of  
20          a residential sector or residential class?  
21       A. (Gelineau) I don't see something identified as a  
22          "subclass" or an "intraclass" for residential  
23          customers.  
24       Q. Thank you. Do the utilities allocate funds to the

1                   residential programs based on the suggested interclass  
2                   customers suggested by PUC Staff?

3 A. (Gelineau) If you're referring to the Staff's  
4                   definitions of "interclass" as presented in their  
5                   testimony, specifically, "electric heating customers"  
6                   versus "non-electric heating customers", no, we don't  
7                   allocate resources, *per se*, based on that alone.

8 Q. In the residential programs that you offer, do you  
9                   allocate funds to any of the programs based on a class  
10                  structure of who's paying in the residential programs?

11 A. (Gelineau) We do not.

12 Q. Do you believe it would be inappropriate to allocate  
13                  funds to the residential programs based on that  
14                  interclass customer as identified by PUC Staff?

15 A. (Gelineau) No, I do not.

16 Q. No, you do not? You don't believe it appropriate?

17 A. (Gelineau) I don't believe it would be -- I don't  
18                  believe it would be appropriate to make allocations  
19                  based on customers who use electric heat, for example,  
20                  versus non-electric heat.

21 Q. Mr. Palma, would you agree with that?

22 A. (Palma) I agree. We take the residential funds and  
23                  distribute them according to -- mainly according to  
24                  market demand, but certainly not based on class within

1                   the subclass --

(Court reporter interruption.)

3 BY THE WITNESS:

4 A. (Palma) Certainly not based on subclass within the  
5 residential sector.

6 MR. STELTZER: Thank you. I have no  
7 further questions.

8 CHAIRMAN IGNATIUS: Thank you. Mr.  
9 Peress?

10 MR. PERESS: No questions, madam Chair.

11 CHAIRMAN IGNATIUS: MS. Hollenberg?

12 MS. HOLLENBERG: Thank you. Yes. I'll  
13 just direct these questions to the panel and allow either  
14 of the witnesses to respond as you deem appropriate.

15 BY MS. HOLLENBERG:

16 Q. In your rebuttal testimony, at Page 4, Lines 10 through  
17 15. If you could just let me know when you get there  
18 please.

19 CHAIRMAN IGNATIUS: Which page was that,  
20 Ms. Hollenberg?

21 MS. HOLLENBERG: Thank you. One moment.  
22 I will make sure I'm using the correct -- I was referring  
23 to Page 4. And, it's Exhibit 30.

24 CHAIRMAN IGNATIUS: Thank you.

1       **BY THE WITNESS:**

2       A.     (Gelineau) We are there. I'm sorry.

3       BY MS. HOLLENBERG:

4       Q.     Thank you. So, Lines 10 through 15, you indicate that  
5           approximately "1.4 percent" of your customers actually  
6           use electric space heat. Can you explain how you  
7           reached -- I guess it's "1.4" for UES and "1.3" for  
8           PSNH. Can you explain how you calculated those  
9           figures?

10      A.     (Gelineau) Yes. What we did was we looked at customers  
11           -- we looked at our entire customer base. And, we  
12           selected out those customers for whom we had 12 months  
13           of data. And, from that group of customers, we looked  
14           at those customers -- we divided up their usage or  
15           looked at their usage in shoulder months, as opposed to  
16           the heating months. And, specifically, we used -- we  
17           used May and June and September and October as shoulder  
18           months, and we used the months of November through  
19           April as winter months. And, what we did was we  
20           compared the usage during the winter months to the  
21           shoulder months, and we identified those customers who  
22           had significant electric usage above what they had used  
23           during the shoulder months.

24           And, so, what we tried to do was

1           identify that portion of their usage during the  
2           wintertime, which was above and beyond what they might  
3           use during a season when they didn't need electric  
4           heat. And, we identified all customers who had usage  
5           above 5,000 kilowatt-hours. And, we said, "those would  
6           be the customers to whom we would want to market this  
7           program and say that they would be likely candidates  
8           for participation in the program."

9 Q. Thank you. Your analysis and the figure that you --  
10           the figures that you came up with for electric heat  
11           customers is different from Staff's assumption that  
12           8 percent of the utility customers use electric heat,  
13           is that correct?

14 A. (Gelineau) That is correct.

15 Q. And, can you explain why your two analyses and  
16           conclusions are different or what your -- you postulate  
17           might be the cause of those differences?

18 A. (Gelineau) Well, most basically, we used different data  
19           sources. It's my understanding that the Staff used  
20           Energy Information Administration data, and we used the  
21           data from our customers, both at Unitil and PSNH. So,  
22           our data sources, our original data sources were  
23           different, one from the other. I think that we are not  
24           certain exactly -- I won't claim to be an expert on the

1 EIA data, the Energy Information Administration's data.  
2 But I think that there may well be a difference, when  
3 we do surveys, we find that there's a difference,  
4 between customers who identify themselves as "having  
5 electric heat" and customers who actually "use electric  
6 heat". And, what we did in our analysis was try and  
7 find those who actually are using electric heat, as  
8 opposed to those who may have it installed within their  
9 home, for example. So, that might be one source. And,  
10 not only the identification of different original data  
11 sources, but, even beyond that, that there are -- there  
12 are reasons why people might respond to a question, if  
13 they're asked "Do you have electric heat?" I say,  
14 "Yes, I have electric heat." If you don't ask the  
15 question "do you actually use it?" And, then, go  
16 beyond that, and say "how much of it do you use?"  
17 Then, you really don't -- you might come up with a  
18 different answer from the answer that we came up with.

19 And, one thing that I'd like to try and  
20 do is maybe just try and put this in perspective, too.  
21 I had indicated earlier that we used a cut-off of 5,000  
22 kilowatt-hours as the level that we would identify  
23 customers who are using electric heat. In order to  
24 participate in the program, we have something called

1           the "Home Heating Index". And, the Home Heating Index  
2           is a -- is just that, it is an index, and it's a figure  
3           of merit, a gas gauge, if you will, for identifying  
4           customers who would likely use enough electricity or  
5           have enough energy usage within their home to qualify  
6           to participate in the program. And, here again, what  
7           we're looking for are customers where we can make a  
8           difference. If we go into this home, are we actually  
9           going to be able to save kilowatt-hours? So, we have  
10          this Home Heating Index to try and identify customers  
11          who are the most likely targets.

12           Why do I bring this up? I just want to  
13          emphasize that the two factors that we use in  
14          determining the Home Heating Index are the amount of  
15          heat that they use, the energy that they use, and we  
16          ask customers to input that in terms of kilowatt-hours,  
17          in an electric sense; for oil customers, it would be  
18          the number of gallons of oil that they use; and, for  
19          propane, again, it would be the number of gallons of  
20          propane that they use. So, we're looking for the  
21          heating fuel that they use. And, the other parameter  
22          that we use is the size of their home. So, what we ask  
23          for is the square footage of the home.

24           I've gone a long way around the barn

1 here, but what I want to come back to is the fact that  
2 customers who would qualify with this gas gauge would  
3 need to have a home smaller than 900 square feet in  
4 order to qualify at 5,000 kilowatt-hours. What's that  
5 saying? It's saying that 5,000 kilowatt-hours is not a  
6 lot of electric heat. It's saying that we're going to  
7 capture just about everybody by going down to 500  
8 kilowatt-hours -- 5,000 kilowatt-hours. Because, in  
9 order for somebody to qualify with 5,000  
10 kilowatt-hours, they would need a home smaller than 900  
11 square feet. And, I'm sure that there are some homes  
12 that are smaller than that, but I would think that the  
13 vast majority are larger.

14 Q. Thanks. I was just thinking, my home is smaller than  
15 that.

16 A. (Gelineau) I didn't say that we wouldn't catch -- we're  
17 doing our best to catch as many as possible.

18 A. (Palma) If I could just add one comment. It's also  
19 important to realize that it's not just the Home  
20 Heating Index that determines whether a project would  
21 become a project that goes forward. It also has to  
22 pass a cost-effectiveness test. Not only on the part  
23 of the utilities, but then the customer has their own  
24 cost-effectiveness test. So, it's really a two-prong

-- a two-prong test. The Home Heating Index is the first prong that allows the utility to dispatch an auditor to the home.

4 CHAIRMAN IGNATIUS: Can I just ask,  
5 Mr. Gelineau, you had said both -- what I heard, both  
6 "9,000 square feet" and "900 square feet"?

7 WITNESS GELINEAU: If I said "9,000", I  
8 was in error. I would like to have a 9,000 -- No. "900"  
9 is what I meant to say.

10 CHAIRMAN IGNATIUS: Thank you.

11 BY MS. HOLLENBERG:

12 Q. And, perhaps this next question relates to what you  
13 were just talking about. You mention on Page 4 of your  
14 testimony, at Lines 15 through 17, you state the  
15 following: "However, an even smaller percentage of  
16 the", and I'm going to paraphrase here, "of the  
17 1.3 percent for PSNH and the 1.4 percent for UES have  
18 high enough energy usage to qualify for the HPwES  
19 Program using the Home Heating Index." And, I wondered  
20 if you could explain that statement?

21 A. (Gelineau) Certainly. I think that I'm going to refer  
22 to the discussion that I just put forth, and say that,  
23 for someone who had a home, and I'll just arbitrarily  
24 say "1,500 square feet", if they had 1,500 square feet

1 and 5,000 kilowatt-hours, when we did our analysis to  
2 come up with this number of 1.4 and 1.3, everybody that  
3 had 5,000 and above were in that group of customers.

4 All those who have homes greater than 900 square feet  
5 would not qualify on the Home Heating Index. And, I'm  
6 certain that, while some may be below the 900, most  
7 will be above that 900. So, that number that we have  
8 would be reduced according to -- by virtue of the Home  
9 Heating Index.

10 I would also note that the numbers that  
11 we have shown for Public Service, and I will check with  
12 Mr. Palma as well, as to whether or not this qualifies  
13 for UES as well, but that number that we have has not  
14 been -- we have not identified in that group those  
15 customers who have already been served by the program.  
16 So that, too, would tend to reduce that number somewhat  
17 lower than what it is, as the 1.3, for instance, for  
18 PSNH.

19 A. (Palma) That's the same for us. We have not gone  
20 through the list yet to identify those already served.

21 Q. So, is it fair to say -- would it be correct for me to  
22 say that then the 1.3 percent for PSNH and the 1.4 for  
23 UES actually are really conservative or are  
24 conservative estimates of electric heat customers for

1                   your resident -- for your customer population?

2       A. (Gelineau) They are certainly conservative as it would  
3                   relate to those who might qualify to participate in the  
4                   program.

5       A. (Palma) I agree.

6       Q. Okay. Thank you.

7                   CHAIRMAN IGNATIUS: Before you go on,  
8                   I'm sorry, --

9                   MS. HOLLENBERG: Yes.

10                  CHAIRMAN IGNATIUS: -- when you say the  
11                  word "conservative" estimates, --

12                  MS. HOLLENBERG: Uh-huh. Okay.

13                  CHAIRMAN IGNATIUS: -- if that's drawing  
14                  a conclusion about something, to me, "conservative  
15                  estimates" could mean two very different things.

16                  MS. HOLLENBERG: Okay.

17                  CHAIRMAN IGNATIUS: So, flesh that out a  
18                  little.

19                  MS. HOLLENBERG: I guess I could tell  
20                  you what I intended as "conservative". I guess what I was  
21                  hearing from the witnesses, and you can correct me if I'm  
22                  wrong, is that the 1.3 for PSNH and the 1.4 for UES may  
23                  include customers who have already been served by the  
24                  HPwES Program, and may include customers who may not have

1 enough electric heat usage to qualify for the HPWES  
2 Program?

3 WITNESS GELINEAU: That, too, is my  
4 understanding of how I interpreted your question.

5 MS. HOLLENBERG: Okay.

6 WITNESS PALMA: The same here. So, I  
7 would say that the "1.4" is the high end of that.

8 MS. HOLLENBERG: Thank you. That's a  
9 good way of putting it also. Thank you.

10 CHAIRMAN IGNATIUS: Before you go on, I  
11 think Commissioner Harrington has a question.

12 CMSR. HARRINGTON: Yes.

13 BY CMSR. HARRINGTON:

14 Q. I think I'm pretty confused here on what you just said.  
15 So, maybe I misunderstood it or whatever. It seems as  
16 if you were implying to say that any home that was  
17 larger than 900 square feet, that uses at least 5,000  
18 kilowatts -- kilowatt-hours is not eligible. And, I'm  
19 confused here. There's got to be some ratio here or  
20 something. Is that, if they don't -- can you explain a  
21 little bit further? Let me start with the basic  
22 question. You're not saying that "only houses below  
23 900 square feet would be eligible under this program,  
24 if they had electric heat"?

- 1 A. (Gelineau) No, I'm not saying that.
- 2 A. (Witness Palma shaking head in the negative.)
- 3 Q. Okay.
- 4 A. (Gelineau) What I'm saying is that, what we try and do  
5 with this Home Heating Index is to try and come up with  
6 a number of heating units per square foot. So, that's  
7 -- that's what we're trying to come up with eventually.  
8 And, so, if we have a home that has 5,000  
9 kilowatt-hours, it needs to have fewer than 900 square  
10 feet in order for it to have a ratio of the heating  
11 units to square footage large enough to qualify for the  
12 program.
- 13 Q. So, if that was a linear relationship, if they had  
14 10,000 kilowatt-hours, it could be compliant at 1,800  
15 feet?
- 16 A. (Gelineau) Yes. Absolutely. Absolutely.
- 17 Q. And, the goal here is to get at, let's take that 1,800  
18 square foot house that has electric heat installed, but  
19 you're saying, in some cases, they don't use it that  
20 much, maybe have a woodstove or something, whatever,  
21 so, if they were only to use 7,000 kilowatt-hours, they  
22 wouldn't be eligible, because their electric usage per  
23 square foot wasn't high enough?
- 24 A. (Gelineau) Well, we'd need more information. And, I'm

1           -- what we would do in that case, in the example that  
2        you used, would be that we would take not only the  
3        7,000 kilowatt-hours that they would use, but we would  
4        also want to know how many cords of wood they used.  
5        So, we would take the combined usage of the multiple  
6        fuels that they may use, and we'll take all of those  
7        fuels into consideration. And, then, we'll do the  
8        number of the heating units per square foot  
9        calculation.

10 Q.      And, is that under the existing, is that under the  
11        pre-Pilot Program, or what you're doing during the  
12        Pilot Program?

13 A.      (Gelineau) This is what we're doing right now.

14 Q.      During the Pilot Program?

15 A.      (Gelineau) Correct. And, this would be the same --  
16        we're not proposing any changes.

17 Q.      Yes, I understand that. But, outside of the Pilot  
18        Program, you wouldn't -- that eligibility standard  
19        would not, if we go back before the Pilot Program  
20        started, did you have a similar standard for electric  
21        usage versus square feet? Or, was it just anybody who  
22        had electric heat installed was eligible for the  
23        program?

24 A.      (Gelineau) It was more the latter.

1 Q. Thank you.

2 A. (Palma) Just for clarity, since the fuels are all in  
3 different, you know, there's kilowatt-hours, gallons of  
4 oil, gallons of propane are not the same, cords of wood  
5 are not the same. We convert everything into MM --  
6 well, million Btu units, and then divided by the square  
7 feet. So, that's how the test is done.

8 CMSR. HARRINGTON: Thank you. That  
9 clarifies it quite a bit.

10 BY MS. HOLLENBERG:

11 Q. If I could ask you to turn to Page 6 of your rebuttal  
12 please.

13 A. (Gelineau) We're at that page.

14 Q. Thank you. And, my question relates to the discussion  
15 at Line 2 through Line 8. And, especially the sentence  
16 that starts at Line 4, where you say, "Electric space  
17 heating customers contribute approximately 3 percent of  
18 the residential SBC funds, but they comprised at least  
19 4.5 percent of the HPwES participants in 2010 and  
20 2011." Did I read that correctly?

21 A. (Gelineau) Yes, you did.

22 Q. Thank you. Is it fair to say that electric space  
23 heating customers are getting their money's worth out  
24 of the HPwES Program?

1 A. (Gelineau) I would say that this is telling us that  
2 they are receiving, you know, they are receiving  
3 benefits in greater -- in a greater proportion than  
4 their contributions from a financial standpoint would  
5 expect. So, in other words, their financial  
6 contribution to the pot is 3 percent, and they're  
7 getting 4.5 percent of it.

8 Q. Thank you. And, is there anything in the full  
9 implementation proposal of the HPwES Program that would  
10 limit these customers' ability -- or, prescribe new  
11 limits on these customers' ability to continue to get  
12 their money's worth going forward?

13 A. (Gelineau) Quite the opposite. What we're proposing is  
14 that we would market specifically to this group of  
15 customers, and provide them with an enhanced  
16 opportunity, if you would, to participate in the  
17 program.

18 Q. Thank you. Based on your analysis, what is your  
19 opinion regarding Staff's "fairness" argument?

20 A. (Gelineau) I don't believe that the argument, when  
21 looked at from the perspective of the analysis that the  
22 utilities have done, with customers that actually use  
23 electric heat, I don't believe that argument holds up.  
24 And, I don't believe it for two reasons. First of all,

1 the number of customers who actually heat with electric  
2 heat is very -- is less than one percent. I think  
3 that, in addition to that, we are reaching out  
4 specifically to that group of customers, such that they  
5 have, as I say, an enhanced opportunity to participate  
6 in the program. And, as such, I don't think that those  
7 customers are disadvantaged. But, if anything, they  
8 are advantaged by the way that we're proposing to  
9 operate this.

10 Q. Thank you. Do you agree, Mr. Palma?

11 A. (Palma) I agree.

12 Q. Thank you. And, for each of you, if you could just  
13 answer the question, do you believe that the  
14 Fuel-Neutral HPwES Program is fair to your Company's  
15 customers?

16 A. (Palma) I do.

17 A. (Gelineau) I believe it is fair.

18 Q. Thank you.

19 CHAIRMAN IGNATIUS: Ms. Hollenberg,  
20 before you go on, --

21 MS. HOLLENBERG: Yes.

22 CHAIRMAN IGNATIUS: -- I don't know if  
23 you're about done?

24 MS. HOLLENBERG: I have a little bit

1 more. Not -- probably about the same amount that I've had  
2 up until now. So, --

3 CHAIRMAN IGNATIUS: I think, for the  
4 sake of the court reporter, we should take a break. We  
5 can go off the record.

6 (Brief off-the-record discussion  
7 ensued.)

8 CHAIRMAN IGNATIUS: Back on the record.  
9 We're going to take a break for ten minutes, and resume  
10 with cross-examination by Ms. Hollenberg. Thank you.

11 (Recess taken at 11:31 a.m. and the  
12 hearing resumed at 11:46 a.m.)

13 CHAIRMAN IGNATIUS: All right. Ms.  
14 Hollenberg, are you ready to resume?

15 MS. HOLLENBERG: Yes. Thank you.

16 BY MS. HOLLENBERG:

17 Q. Many parties in this portion of the proceeding have  
18 referred to "ancillary savings" in their testimony.  
19 And, if you could, could you please state what you mean  
20 when you say "ancillary savings"?

21 A. (Gelineau) In the context of this proceeding,  
22 "ancillary savings" has come to mean those savings that  
23 might accrue or that would accrue to a home which is  
24 heated by a fuel other than electricity, and,

specifically, the electric savings that might accrue to a fossil-heated home, when weatherization measures were employed for that home.

4 Q. Would it --

5 A. (Gelineau) So, an example might be --

6 Q. Yes.

7 A. (Gelineau) -- might be helpful. So, for example, if  
8 you had a boiler was that heating hot water, and it was  
9 circulating, there was an electric pump that was  
10 circulating the water throughout the house to heat the  
11 home, in the absence of any -- in the absence of  
12 insulation, it would run more frequently. If you add  
13 more insulation, it will run less, because you would  
14 not need to heat the home as often. So, those savings  
15 that might accrue to that added insulation for the  
16 reduced use of the fan would be an ancillary savings.

17 Q. Thank you. And, if you could look again at your direct  
18 testimony, Exhibit 29, and, specifically Page 10. Oh,  
19 I'm sorry. I'm sorry, I have the wrong reference. In  
20 the Staff's testimony, I don't know if you have that in  
21 front of you at this point, their direct testimony?

22 A. (Palma) We have it.

23 Q. You do. At Page 10 please.

24 CMSR. HARRINGTON: Just so we're sure,

1 | this is the March 22nd, 2012 document?

2 MS. THUNBERG: Yes. Staff's direct  
3 testimony was filed in March 2012.

4 BY THE WITNESS:

5 A. (Gelineau) We're there.

6 BY MS. HOLLENBERG:

7 Q. On Page 10, Staff indicates that "other ancillary  
8 savings are not reported, tracked nor included in the  
9 proposed electric savings", and "concludes that  
10 ancillary savings are minor." Do you agree with this  
11 statement?

12 A. (Gelineau) No. I don't agree with this statement.

13 Q. And, could you explain the basis for your disagreement.

14 A. (Gelineau) Staff is correct in their assessment that  
15 the utilities have not reported or claimed ancillary  
16 savings in our filings. And, specifically, I think  
17 that it was noted that we have not claimed, for  
18 example, the savings that might accrue to a pump, like  
19 I just indicated, or a fan that might be associated  
20 with a furnace. We have not -- or savings from air  
21 conditioners, for example, during the summertime,  
22 again, which might run fewer hours, given added  
23 insulation. So, we have not made claim for any of  
24 those particular savings. And, the reason is quite

1 simple, is we do not have a study that would back that  
2 up. Up until very recently, we really didn't have a  
3 whole lot of data that was based on work that we had  
4 done here in New Hampshire. And, it's for that reason  
5 that we did not put forward savings, because those  
6 savings would then go into our performance incentive.  
7 And, we just didn't feel as though the level of  
8 knowledge that we had would support its use in the  
9 calculation of a performance incentive.

10 That doesn't mean that we felt that  
11 these savings do not exist. That doesn't mean that we  
12 feel as though these savings shouldn't -- that we  
13 should not pursue quantifying these savings. It just  
14 meant that we did not have an appropriate number to use  
15 in our filing.

16 Q. And, would you agree that you actually talk in your  
17 rebuttal testimony, specifically at -- starting at Page  
18 13, about some, and going into the next page, about  
19 some preliminary estimates of ancillary savings that  
20 Cadmus has performed, is that correct?

21 A. (Gelineau) I'm trying to find the specific reference.  
22 But I can tell you that, yes, that's in our testimony.

23 Q. Okay. And, you described "the preliminary results of  
24 their analysis that annual electric usage associated

1       with a fossil heating system is" -- "a fossil [fuel]  
2       heating system is 42 kilowatt-hours, for example,  
3       circulating pumps and fans." And, "Applying these  
4       savings to the number of non-electric home  
5       weatherization jobs proposed in the 2012 CORE Programs  
6       filings" -- "filing would result in an annual savings  
7       of 25,578 kilowatt-hours and lifetime savings of over  
8       one half million kilowatt-hours." Is that correct?

9       A. (Gelineau) That is correct. And, that is one of  
10      several sources that we have identified in the course  
11      of this proceeding that would lead one to some specific  
12      numbers. That is -- those numbers are from the -- they  
13      are not included in the study that was put into an  
14      exhibit. But the same folks who had done that study,  
15      and based on that study, came up with that "42  
16      kilowatt-hour" figure.

17       Q. And, what is the status of Cadmus's calculation? Are  
18      they going to prepare a final -- a final estimate of  
19      ancillary savings? Or, what's the status of that work,  
20      I guess?

21       A. (Gelineau) We've been negotiating with them to see if  
22      we can't get that kind of information, and whether or  
23      not they have enough technical detail to back up a  
24      report that would provide the detail that we're looking

1           for. We don't have the answer to that at this  
2           particular point.

3 Q. Okay. But you're exploring that with them right now?

4 A. (Gelineau) We are. And, I think that our testimony  
5           also points to the fact that there are -- there are  
6           other sources that we have looked at along the same  
7           lines.

8 A. (Palma) I'll jump in.

9 Q. Sure.

10 A. (Palma) The Massachusetts Technical Reference Manual  
11           indicates that the savings for the similar  
12           weatherization program is 70 kilowatt-hours. Their  
13           weatherization program in Massachusetts is different  
14           than the HPwES Program, but it's not markedly  
15           different. You know, there's just another number, and  
16           that number was arrived at through an evaluation in  
17           Massachusetts.

18 Q. So, even though the programs in Mass. and New Hampshire  
19           may not be identical, their estimate of the ancillary  
20           savings is a fair proximation of what -- what is  
21           possible in New Hampshire?

22 A. (Palma) Well, I would say the "70" is what they would  
23           think is the number in Massachusetts. But, you know,  
24           without doing our own full evaluation, it's difficult

1 to pick a number and say "this is the number."

2 Q. Uh-huh.

3 A. (Palma) We really need something specific. If Cadmus  
4 can produce that number, that would be beneficial. If  
5 they need to do further study, then we'll look to  
6 undertake that study.

A. (Gelineau) Let me offer some further perspective on this. And, that is that the third source that we've looked at is the GDS study. This GDS study has a series of figures in it that would relate to this particular issue. And, they, quite frankly, are the -- offer a challenge, inasmuch as they are significantly different from these earlier figures. For example, they talk about weatherization, the impact on electric savings of weatherization of homes with fossil fuel. They have numbers associated with propane, oil, natural gas. And, these numbers are presented in three different fashions -- in three different ways. They talk about a "good", "better", "best"; and meaning a "good level of insulation", a "better level of insulation", and, actually, the "better" level is related to code, and the "best" is related to ENERGY STAR home levels of insulation.

We did a quick analysis that would show

1           that, if you just assumed that you provided a "good"  
2           level, that's the lowest level, it is in the  
3           neighborhood of I think it's 1,052 kilowatt-hours,  
4           okay? So 1,052. And, in addition to that, they also  
5           say that you can get additional savings by changing out  
6           the fans and making them ENERGY STAR, as opposed to  
7           standard efficiency. That would add another 330 -- 393  
8           kilowatt-hours.

9                         So, the quick story is that there's a  
10          very substantial higher number that has been  
11          incorporated in a study that had been commissioned by  
12          this Commission, which would lead one to believe that  
13          there are, you know, very substantially more savings  
14          than what it is that has been identified to date in the  
15          Cadmus study or in the Technical Reference Manual in  
16          Massachusetts. And, I think that it's that kind of  
17          information, conflicting information, that we're trying  
18          to, you know, we want to resolve before we land on any  
19          particular number.

20                         I would also note that the GDS numbers  
21          assume that there is central air conditioning. They  
22          don't have numbers that do not have central air  
23          conditioning. But that is the standard against which  
24          we are being measured. And, when I say that, from the

1                   standpoint of, if you consider that we are striving to  
2                   reach the potential that has been identified in the GDS  
3                   study, these are the numbers that they're using in that  
4                   GDS study. So, in order to reach that standard, you  
5                   know, if we were -- if we're using 42 kilowatt-hours,  
6                   for example, and GDS is using 1,050, plus 390, you've  
7                   got numbers that are much higher. You'll never get  
8                   there at 42, if you're comparing your 42 kilowatt-hour  
9                   savings to their 1,500 or so kilowatt-hour savings.  
10                  So, that's the kind of thing that we're trying to  
11                  resolve. And, before we take claim to a shareholder  
12                  incentive, with having discrepancies of that magnitude,  
13                  we want to try and get that resolved before we land on  
14                  that figure.

15                  MS. HOLLENBERG: Thank you. I don't  
16                  have any other questions. Thank you.

17                  CHAIRMAN IGNATIUS: Thank you.

18                  Ms. Thunberg.

19                  MS. THUNBERG: Good morning.

20                  WITNESS GELINEAU: Good morning.

21                  WITNESS PALMA: Good morning.

22                  **CROSS-EXAMINATION**

23                  BY MS. THUNBERG:

24                  Q. And, I have to confess that, when I saw Exhibit 33, and

1           it had "2001" on it, that I guess we've been dealing  
2           with energy efficiency a long time. So, my question,  
3           and, Gil, I'm going to pick on you with this question  
4           first, can you just describe how long have you been  
5           involved with the energy efficiency programs regulated  
6           by this Commission?

7 A. (Gelineau) Since 1992.

8 Q. Thank you. And, over the course of the development of  
9           the HPwES Program, of late, has Office of Consumer  
10          Advocate been fully supportive of this, of HPwES, ever  
11          since it was offered?

12 A. (Gelineau) I don't know the answer to that, to be fair.  
13          I'm not certain.

14 Q. Yes. I'm just tapping into your historical memory of  
15          the parties, and whether they supported --

16 A. (Gelineau) So far, it's not been very good.

17 Q. Okay. Now, next, I'll just jump to the chase of the  
18          question. The HPwES Program has been modified in  
19          recent years, is that correct?

20 A. (Gelineau) No, I wouldn't say that. In other words,  
21          the Residential Weatherization Program has been  
22          modified, I think that's fair to say.

23 Q. Okay.

24 A. (Gelineau) Oh. Okay. All right. Yes. Go ahead.

1 A. (Palma) We did lower the rebate from 75 percent to  
2 50 percent for, if my memory serves me, 2012 -- '11,  
3 I'm sorry, for 2011.

4 Q. So, from the original design of HPwES, then there have  
5 been minor changes to HPwES, is that -- or, the changes  
6 that have occurred to HPwES, since it was first  
7 offered, have only been what you have cited right now,  
8 is that correct?

9 A. (Palma) I'm looking in at the table, and I'm not  
10 getting any negative looks. So, that is correct.

11 A. (Gelineau) It's essentially been unchanged. I think  
12 that the -- there has been quite a bit of discussion,  
13 as far, when you said "the process" or the operation of  
14 the program, the program's operated essentially the  
15 same. We've used the Home Heating Index to identify  
16 customers. We brought customers in through the same  
17 process, that we've run them through the same audit  
18 process, review process, insulation process, customer  
19 inspection process after the measures have been  
20 installed.

21 But it is fair to say that we changed  
22 the rebate. And, so, to the extent that that is a --  
23 that's certainly a change from the customer's  
24 perspective. They're going to pay more to get these

1           services than they would have if they had gotten in on  
2           the early -- in the early going of the program.

3       Q.    Thank you for your patience on that question. I think  
4           I'll need to follow up with the OCA on the remainder of  
5           that. Gil, another question for you. This morning,  
6           when you were doing your summary of your testimony, you  
7           spoke that the Fuel Blind Program is being developed in  
8           furtherance of a "state policy". And, is there a  
9           specific state policy that you want to refer our  
10          attention to, because you just mentioned "state policy"  
11          in general?

12       A.    (Gelineau) I would say that I could mention a couple of  
13          policies that I would be -- I would suggest that  
14          there's a 25x'25 policy, for example, wherein we're  
15          trying to get 25 percent renewables within the state by  
16          2025. I think that efficiency is a form of reducing  
17          our overall commitment, or, excuse me, our overall  
18          energy use. And, by reducing our overall energy use,  
19          we're going to be able to get to this renewable level  
20          with -- it will be easier to attain that level if we  
21          have fewer kilowatt-hours to which we have to get to.  
22          And, that's where the energy efficiency would come in.

23                           I would also mention the Climate Action  
24          Plan. And, this is a major work that was undertaken to

1       identify those things that we need to do to reduce  
2       greenhouse gases in the state. And, one of the leading  
3       ways in which we can achieve those reductions is by  
4       maximizing efficiency in buildings. And, that is the  
5       portion of the Climate Action Plan that we focused on  
6       with this particular program.

7 Q. All right. Thank you. I'm going to ask a few  
8       questions on your rebuttal testimony, if you have that  
9       in front of you. In particular, at Page 2, and some of  
10      your arguments that appear on that page. And, with  
11      respect to your argument that "Electric space heating  
12      customers represent a small percentage".

13 A. (Palma) Could you point out what line that is please.

14 Q. Yes. Just a moment. Sorry, I had a transposing of  
15      page numbers here. My apologies. Direct your  
16      attention to Page 6, sorry about that. Lines 4 through  
17      6.

18 A. (Gelineau) Where it says "Electric space heating  
19      customers contribute approximately 3 percent of the  
20      residential SBC funds, but they comprised at least  
21      4.5 percent of the Home Performance with ENERGY STAR  
22      participants in 2010 and '11"?

23 Q. Yes. Thank you.

24 A. (Gelineau) Okay.

1 Q. Now, when PSNH is making the argument that the  
2 "electric space heating customers contribute a small  
3 percentage", this is based on 2008 data, is that  
4 correct?

5 A. (Gelineau) Well, are you referring to the "3 percent"  
6 number that's in the testimony on Line 5? You said a  
7 "small percent". I'm just trying to be specific as far  
8 as what you're referring to. So, are we talking about  
9 the "3 percent" number?

10 Q. Let me confer with my staff. Just a minute. My  
11 apologies, Mr. Gelineau. We were getting off to a  
12 rough start here. We found the reference. It's the  
13 argument that's made on Page 4, and the "2 percent" of  
14 "electric space heating customers". And, it was -- is  
15 it fair that -- to characterize PSNH's argument in  
16 these pages, is that "the space heating customers  
17 represent a small percentage of the residential class  
18 customers, and, therefore, it would be unfair to serve  
19 only those customers with the air sealing and  
20 weatherization services." Is that fair, a fair  
21 characterization of PSNH's argument?

22 A. (Gelineau) Yes.

23 Q. Thank you. And, in determining the size of these space  
24 heating customers, this data, is it correct, was based

- 1           on PSNH's own 2008 outreach data collection efforts?
- 2       A. (Gelineau) The 1.3 percent number is based on our most
- 3           recent study. And, it -- the 2008 results yielded a
- 4           number of around 8,500 households; whereas the most
- 5           recent numbers is 5,400. And, again, the 5,400 number
- 6           has not -- they're not directly comparable, because the
- 7           5,400 number has not been corrected -- or, customers
- 8           who have previously participated in the program have
- 9           not been removed from that 5,400 number, whereas that
- 10          is not true in the 8,500 number.
- 11       Q. Okay. Earlier you've testified a little bit about
- 12           Staff's reliance on an "8 percent" number, rather than
- 13           the "2 percent" estimate provided by PSNH. Do you
- 14           recall that question and answer with OCA?
- 15       A. (Gelineau) I think that that was brought up. I don't
- 16           think I mentioned the "8 percent", *per se*. But, yes,
- 17           my understanding is that Staff has suggested that
- 18           there's an 8 percent -- 8 percent is the number of
- 19           electric heat customers within our customer base.
- 20       Q. Okay. And, is it fair to say that PSNH believes that
- 21           Staff's use of an 8 percent is not a reliable number?
- 22       A. (Gelineau) We believe that that number does not reflect
- 23           our customers' actual usage.
- 24       Q. Okay.

1 A. (Palma) Unitil would agree with that. Our numbers, as  
2 shown here, is what we think is the number of electric  
3 heat customers, which is 1.4 percent.

4 Q. Okay. And, you've read Staff's direct testimony, is  
5 that correct?

6 A. (Gelineau) That is correct.

7 A. (Witness Palma nodding in the affirmative).

8 Q. And, the Staff used on one of its schedules similar DOE  
9 numbers, do you recall that?

10 A. (Gelineau) Would you be specific?

11 MS. THUNBERG: I'd like to just mark for  
12 identification Staff's direct testimony that has been  
13 filed in this case. And, would like to authenticate it  
14 when the witnesses -- Staff's witnesses come up to the  
15 stand. And, do you all have copies?

16 CHAIRMAN IGNATIUS: We do.

17 CMSR. HARRINGTON: What is this? Is  
18 this the May 4th?

19 MS. THUNBERG: This is the Direct  
20 Testimony of James J. Cunningham and Al-Azad Iqbal. And,  
21 it was, I believe, filed in May -- or, March 2012.

22 CHAIRMAN IGNATIUS: We'll mark that for  
23 identification. And, I think that will help keep track of  
24 the information, and then authenticate it when your

1       witnesses are on the stand. So, that's marked for  
2       identification as Exhibit 35.

3 (The document, as described, was  
4 herewith marked as **Exhibit 35** for  
5 identification.)

6 BY MS. THUNBERG:

7 Q. Now, Mr. Gelineau, I'd like to draw your attention to  
8 Page 33. There's a chart.

9 A. (Gelineau) Yes. I have that in front of me.

10 Q. And, I don't mean to pick on you, Mr. Gelineau, if, Mr.  
11 Palma, you want to chime in, too. Now, the line number  
12 "Household Usage of Heating Fuels in New Hampshire",  
13 has a footnote of number "2". And, would you agree  
14 that those numbers came from DOE Energy Efficiency --  
15 well, DOE as a source?

16 A. (Gelineau) It appears to.

17 Q. And, the "8 percent" number for "Group 1", is what  
18 we've been talking about that PSNH does not believe is  
19 as reliable as the 2 percent, is that right?

20 A. (Gelineau) I think that that's correct. I think as I  
21 -- I think that we've tried to indicate that the most  
22 recent data would say that it's 1.3 and 1.4 percent.

23 Q. Sorry, I keep referring to "2 percent". Now, --

24 A. (Palma) This looks like statewide data. Is this --

1 Q. Right. The data is for New Hampshire homes, not --  
2 A. (Palma) All right. So, we're, just to be clear, --  
3 Q. Okay.  
4 A. (Palma) -- we don't know what is statewide electric,  
5 because we've only done the analysis for PSNH's and  
6 Unitil's service territory. So, we don't actually have  
7 a statewide number, just for clarity sake.  
8 Q. Now, in the next column, next to "Electric Customers",  
9 there's another column "Natural Gas Customer (Group  
10 1)", with an "18 percent". Do you see that?  
11 A. (Gelineau) Yes, I do.  
12 Q. Now, I believe PSNH and Unitil have provided a  
13 "17.2 percent" number as representative of customers  
14 who use natural gas, do you recall that? I can also  
15 pull out a discovery response.  
16 A. (Palma) I recall providing a number. I don't recall  
17 the number.  
18 A. (Gelineau) Subject to check, I'm okay with that.  
19 (Atty. Thunberg distributing documents.)  
20 MS. THUNBERG: I'd like to show the  
21 witnesses a data response that they had provided to Staff  
22 that was Staff 5-9.  
23 CHAIRMAN IGNATIUS: All right.  
24 BY MS. THUNBERG:

1 Q. Does that refresh your recollection of --

2 A. (Gelineau) Yes.

3 CHAIRMAN IGNATIUS: Does that need to be  
4 an exhibit?

5 WITNESS GELINEAU: I'm sorry?

6 MS. THUNBERG: I think it would be  
7 helpful to have it as an exhibit, to put the -- yes, with  
8 the numbers, respectively.

9 CHAIRMAN IGNATIUS: All right.

10 MS. THUNBERG: And, I will identify it  
11 as PSNH's response to Staff 5-9.

12 CHAIRMAN IGNATIUS: Thank you. We'll  
13 mark that as "Exhibit 36".

14 (The document, as described, was  
15 herewith marked as **Exhibit 36** for  
16 identification.)

17 BY MS. THUNBERG:

18 Q. And, Mr. Gelineau and Mr. Palma, the response that you  
19 see in front of you, Staff 5-9, do you have any changes  
20 or corrections that you would add to this?

21 A. (Gelineau) I -- I would add to this that this data is  
22 based on a survey, on a customer survey. So, customers  
23 are self-selecting to indicate that they are using  
24 natural gas. There's -- we have no way of validating

1           that number in particular. And, it's -- so, I guess  
2           I'd just leave it at that. We're really, you know,  
3           we're relying on customer responses to a survey to come  
4           up with that number.

5 Q.        Okay. Do you have any explanation as to why, if Staff  
6           is trying to pin down the electric customer heating and  
7           natural gas customer heating, we have an 8 percent that  
8           that Staff is using and an 18 percent that it's using,  
9           and then comparing that to your own numbers, it seems  
10          like this "17.2" and "18" correlate closely, but we  
11          seem to be very far apart on the "8 percent" versus  
12          either the "2 percent" that I keep using, or the "1.3"  
13          that you have said is more the real number. With these  
14          differences, is one group more -- of numbers more  
15          reliable than the other?

16 A.        (Gelineau) Well, I guess I would ask, you have  
17          "18 percent", and we have "17 percent".

18 Q.        Uh-huh.

19 A.        (Gelineau) And, those two numbers are in line. But is  
20          that "18 percent", is that of 18 percent of the state?  
21          How does that -- how does that number come out, I guess  
22          is what I'm -- is that 18 percent of the natural gas  
23          customers or is that 18 percent of PSNH customers?

24 Q.        According to Footnote 2, --

- 1 A. (Gelineau) For example, there are only 120,000 natural  
2 gas customers in the state. Is this supposed to be --  
3 what does that "18 percent" represent?
- 4 Q. Well, I believe your clarifying question was "whether  
5 it was utility-specific?" My understanding -- Staff's  
6 understanding is these are statewide numbers provided  
7 by DOE.
- 8 A. (Gelineau) Okay. So, that would be times the number of  
9 households, in order to come up with your numbers, what  
10 you've done.
- 11 Q. So --
- 12 A. (Palma) I can't say, one way or another, that, for  
13 Utilil service territory, 18 percent of the electric  
14 customers use natural gas for heat. We service  
15 electric service territory in the Concord area, and on  
16 the Seacoast we have electric, and there's also natural  
17 gas. So, I don't have -- it may be more than 18  
18 percent, or, you know, it may be less. It's probably  
19 more than 18 percent, but I don't know for sure. I  
20 can't really --
- 21 Q. Okay.
- 22 A. (Palma) I can't really --
- 23 Q. Okay.
- 24 A. I feel like taking -- it's really kind of a wild

1 estimate to come up with a number.

2 A. (Gelineau) And, for PSNH, I think that, if one looks at  
3 the natural gas service territory, you're going to find  
4 that natural gas exists along the 93 corridor, up to  
5 around Tilton. And, it exists, from the Mass. border,  
6 along the Seacoast area, up to around Rochester. That  
7 does not overlay PSNH's service territory. And, so,  
8 whether or not you can take a statewide 18 percent  
9 number and overlay it and apply that to PSNH's number  
10 of customers, I guess, without further study, I'm not  
11 sure that that would be an appropriate calculation.

12 Q. Uh-huh. I just have one other question on this point.  
13 Because you two have challenged Staff on its use of the  
14 8 percent, but you haven't really challenged Staff on  
15 the use of the 18 percent. And, I'm just trying to get  
16 out of you why --

17 A. (Gelineau) I guess I challenge Staff on why it's there  
18 in the first place, I guess? We have an electric  
19 program for our electric customers. And, I don't know  
20 why the gas customers are even there in the first  
21 place, to be honest. So, I mean, our analysis has zero  
22 in that number. We do not have any gas customers. We  
23 are providing an electric program -- excuse me, we are  
24 providing services to electric customers. And, that's

1           our only source of revenue at PSNH. We don't have any  
2       gas revenue. So, I'm confused as to why it's there in  
3       the first place, to be honest.

4       A. (Palma) And, our gas -- our gas program is operated by  
5       Northern Utilities, which is a subsidiary of Unitil.  
6       And, the program is completely separate. It's not  
7       commingled with the electric program. And, it's not a  
8       fuel-neutral program.

9                           MS. THUNBERG: If you don't mind, we  
10      have a few more questions about the customer numbers.

11     BY MR. IQBAL:

12    Q. Let's start with the statewide number, and the utility  
13    specific number. Are you saying that that 8 percent  
14    DOE says is correct for the statewide number, but it is  
15    incorrect for the specific PSNH and UES number?

16    A. (Gelineau) I would have no comment on its correctness  
17    for the statewide number. I would say, again, that the  
18    correct number of customers who use electric heat in  
19    PSNH's service territory, on a percentage basis, is  
20    1.3 percent, based on our analysis, our current, most  
21    recent analysis. So, this data is up-to-date as of  
22    within the last month. In terms of whether or not the  
23    8 percent number is correct for the state, I guess I  
24    would -- I don't know. But I would also reiterate my

1           earlier testimony, in which I said that, if this is  
2           based on customer responses, they may say "yes, I have  
3           electric heat", but that really doesn't tell you  
4           whether or not they "use electric heat". I have  
5           electric heat in my home. I did not use it all winter  
6           long. So, I would answer to a survey "yes, I have  
7           electric heat." But I would not show up in the  
8           analysis that PSNH did for identifying our electric  
9           customers that actually use electric heat.

10 Q. Thank you. The next question I have relates to  
11           Exhibit 33.

12 A. (Palma) Which one is that?

13 Q. Exhibit 33, The Way Home exhibit.

14 A. (Gelineau) We have that in front of us now.

15 Q. Let's go to the Page Number 9, handwritten one.

16 A. (Gelineau) This is the circle number 9?

17 Q. Yes, circle number 9.

18 A. (Gelineau) Okay.

19 Q. And, if you look at "B", "Residential Retrofit". And,  
20           at the end of that paragraph, "The utilities have noted  
21           that there are over 60,000 general high use customers  
22           in New Hampshire." Do you see that?

23 A. (Gelineau) Yes, I do.

24 Q. And, 60,000, at that time, in 2002, I think it is, or

1           2001, what is the percentage on overall customer base?

2 A.       (Gelineau) That would be about 10 percent, probably.

3 Q.       Okay.

4 A.       (Gelineau) You know, subject to check.

5 Q.       Yes.

6 A.       (Gelineau) I'm just using 600,000 customers in the

7           state.

8 Q.       Yes, approximate of 10 percent. And, so, in 2009, the

9           DOE said it is "8 percent", and 8 percent would be

10          48,000 customers, the same number --

11 A.       (Witness Gelineau nodding in the affirmative).

12 Q.       So, from 2001 to 2009, there is a reduction of 12,000

13          customers, high use customers, is it correct? In

14          overall --

15 A.       (Gelineau) A reduction as to what?

16 Q.       It was 60,000 in 2001. And, if you use the DOE number

17          for 2009, it is 48,000. So, the difference is 12,000?

18 A.       (Gelineau) Right.

19 Q.       But, if you --

20 A.       (Palma) I mean, one distinction is, there's a

21          difference between a "high use customer" and a "heating

22          customer". So, when I read the DOE -- the DOE analysis

23          on Page 33 of your testimony, it points out it's

24          "heating". This document, on Page 9, points out that

1 it's "high use". So, "high use customers" aren't  
2 necessarily "heating customers".

3 Q. Thank you. So, if you take that number, and divide by  
4 the number of years we --

5 (Court reporter interruption.)

6 | BY MR. IQBAL:

7 Q. If you take that 12,000 number, and divide it by the  
8 number of years in between, that is eight years, we'll  
9 get around 1,500 customers. Correct? Just divide 12  
10 by 8.

11 A. (Gelineau) Yes.

12 Q. It's simple.

13 A. (Gelineau) Yes.

14 Q. And, how many customers are served for eight years  
15 program every year during that time, on average?

16 A. (Gelineau) It would be, I'll just throw out, you know,  
17 in the neighborhood of a thousand, something like that,  
18 probably -- probably less than that, but no more than  
19 that.

20 Q. Okay. So, that explain then the 8,000 out of 12,000?

21 A. (Gelineau) I don't think we're comparing the same. I  
22 don't think we're comparing apples-to-apples here. I  
23 mean, we have -- the number that you're starting off  
24 with, the 60,000 number, quite frankly, I don't know

1 where that number came from. I certainly see it here.  
2 I absolutely agree that it is in this document. But  
3 where does it come from? I don't know.

4 I think that what I can say, that if  
5 this is reflective of 30 -- I think "high use" is  
6 defined in this document as "30 kilowatt-hours a day".  
7 And, so, I don't know how that -- I don't know how that  
8 number stacks up against what we tried to calculate,  
9 which was customers who use more than 5,000  
10 kilowatt-hours during the heating season. Now, you  
11 know, without doing the analysis, I'm not sure, you  
12 know, we're comparing numbers as if they're the same,  
13 and I'm not sure that they are.

14 Q. We're not trying to get an exact number, but we are  
15 trying to get the overall idea. That whether these  
16 numbers actually explain the program participation and  
17 within that time period. So, it seems like that this  
18 number is compatible with the program participation  
19 during that period, and that explain that reduction  
20 from 12,000 -- 12 percent to 8 percent in this time  
21 period actually is, to a certain extent, consistent.  
22 Would you agree with that?

23 A. (Gelineau) I'm sorry, but I don't agree with that right  
24 now. I just don't -- I don't feel as though we're

1           comparing apples-to-apples right now, and that's my  
2           concern. I don't -- this "60,000" number doesn't  
3           necessarily translate to me to be customers who heat  
4           with electricity. I have not seen that evidence.

5 BY MS. THUNBERG:

6 Q. Mr. Palma, you are familiar with the LDAC, is that  
7           correct?

8 A. (Palma) I am.

9 Q. And, part of the LDAC is to or includes the Energy  
10          Efficiency Surcharge, is that correct?

11 A. (Palma) Yes.

12 Q. And, the Energy Efficiency Surcharge in the LDAC  
13          represents the natural gas customers' contribution to  
14          the CORE Programs, is that correct?

15 A. (Palma) Represents the natural gas customers'  
16          contribution to the gas side of the programs.

17 Q. Yes.

18 A. (Palma) The dollars are not commingled with the  
19          electric side.

20 Q. Yes. Thank you for the clarification. By having the  
21          natural gas customers pay into energy efficiency  
22          programs through the LDAC, would you agree that that  
23          minimizes cross subsidies among customers?

24 A. (Palma) What's your definition of a "cross subsidy"?

1 Q. I think we're here today about that.

2 A. (Palma) Well, the gas -- just to back up, the gas  
3 programs, you know, back two years ago were separate  
4 programs. And, the gas customers are the only other  
5 program that was regulated at the time by the  
6 Commission. So, I don't -- well, I guess I'd go back  
7 to the definition of the "cross subsidy". Although we  
8 file gas and electric together, they're basically  
9 treated separately in a lot of ways.

10 Q. Let me attack "cross subsidies" this way. Oil --  
11 electric customers who heat -- have oil as their space  
12 heat do not contribute through any oil usage to the  
13 CORE Programs, either through an LDAC or --

14 A. (Palma) They do not. They contribute through their  
15 electric SBC.

16 Q. And, that would be the same for customers who heat with  
17 wood, propane, kerosene, correct?

18 A. (Palma) Correct.

19 Q. Now, I think, Mr. Gelineau, do you recall the Home  
20 Energy Solutions Program?

21 A. (Gelineau) I recall some of it.

22 Q. And, is it fair to say that the Home Energy Solutions  
23 Program was -- is a predecessor of the HPwES Program?

24 A. (Gelineau) That's correct.

1 A. (Palma) Let me just add a little clarity. The gas  
2 companies had a weatherization program as well, before  
3 HPwES.

4 Q. Okay. At this time, I'm going to get the page  
5 reference right. I'm in your rebuttal testimony,  
6 Page 2, Line 6 please. And, I'm pretty sure I'm  
7 certain about that. And, in this section of your  
8 testimony, I direct your attention to the "Electric  
9 space" -- or Line 6, which reads: "Electric space  
10 heating customers represent such a small percentage of  
11 PSNH's and UES's residential customer class that it  
12 would be unfair and inefficient to serve only these  
13 customers with air sealing and weatherization  
14 services." Do you see that section of your testimony?

15 A. (Palma) Yes.

16 Q. And, when you are referring to "unfair and  
17 inefficient", how many customers are you talking about  
18 that would comprise of presently?

19 A. (Palma) Are you asking the number of space heating  
20 customers?

21 Q. Well, it seems to be the gist -- or, yes, the electric  
22 space heating customers, what is the magnitude of  
23 customers we're talking about here -- or, you're  
24 talking about here?

- 1 A. (Gelineau) How many electric space heating customers,  
2 are you saying?
- 3 Q. The question is, approximately how many customers are  
4 you referring to here represent this "small percentage"  
5 that would be too unfair to limit the program to?
- 6 A. (Gelineau) This would be the 1.3 percent, the  
7 1.4 percent. And, in terms of numbers of customers, I  
8 think that we had indicated that we have somewhere in  
9 the neighborhood of 5,400 that represents that  
10 1.3 percent.
- 11 Q. Okay. Thank you. Thank you for tying that in. Back  
12 when the program was the predecessor program of Home  
13 Energy Solutions, do you have an estimate of the  
14 customer count being served under that program?
- 15 A. (Gelineau) Well, at the end of the program, when I say  
16 "the end", in 2008, when we struggled to find customers  
17 for the program, we had 8,500 customers. That number  
18 -- that qualified from the standpoint of they used some  
19 amount of electric heat, and that would be 5,000  
20 kilowatt-hours or more. So, they used some amount of  
21 electric heat. Now, that "8,500" number is not, as I  
22 said earlier, directly comparable to the "5,400"  
23 number, because the 85 has been compensated for -- or,  
24 those who have already participated in the program have

1           been taken out of that number. So, in order to make  
2           the two numbers, the "8,500" and the "5,400",  
3           comparable, one would need to subtract out customers  
4           who have participated in the program already from the  
5           5,400 number. So, it would be less than 5,400.

6       Q.    I'm trying to follow. At some point, between serving  
7           customers in Home Energy Solutions and now serving  
8           customers in the HPwES Program, at some point PSNH,  
9           Unitil, have made a decision that the number has gotten  
10          to a point where it's "unfair and inefficient". And,  
11          I'm trying to figure out, where was the tipping point?  
12          You know, why is -- I guess another way to ask it is,  
13          you had this Home Energy Solutions Program, you didn't  
14          make an argument that it was "unfair/inefficient" back  
15          then, but you're making that argument now, and why?  
16          What was the tipping point?

17       A.    (Gelineau) Not able to find customers to participate in  
18           the program. I mean, and even when you go out directly  
19           to that group of customers that are most likely to be  
20           able to participate, and I'm specifically referring at  
21           this point to the 2008 attempt to reach the 8,500  
22           customers, we were able to get 4 percent of them to  
23           participate in the program. So that, I think that  
24           that's not to say that we shouldn't try and get them

1 again, and now there are fewer of them to get. And, I  
2 think that we have -- that is included as part of our  
3 proposal.

4 But, by the same token, it's reached the  
5 point where those who are interested in participating  
6 in the program, who have electric heat as their primary  
7 source of heating, have either participated or decided  
8 they do not want to participate. That's the issue.  
9 That's how we came to the point that we need to look at  
10 other approaches.

11 Q. And, if you could bear with me and try one more attempt  
12 at this from Staff's perspective. Is it that somewhere  
13 between the 8,500 customers and the 5,400 customers the  
14 argument arose that it is "unjust/unfair", I'm sorry,  
15 not "unjust/unfair". "Unfair and inefficient".  
16 Somewhere between 8,500 customers and the 5,400  
17 customers, there was a tipping point that it became  
18 "unfair and inefficient"?

19 A. (Gelineau) I would say that at the 8,500 number we came  
20 to the conclusion that we're not -- that we are not  
21 working with a program that makes sense. I mean, we  
22 were convinced at that time, and that's why, at that  
23 particular juncture, we introduced the idea of a  
24 fuel-neutral program. And, I think, since that time,

1           there have been other things that have occurred. For  
2           instance, the issuance of the Climate Action Plan,  
3           which is -- calls for a statewide movement towards  
4           trying to provide fuel-neutral services or maximize the  
5           efficiency in buildings throughout the state. I think,  
6           since that time, we've seen the formation of the EESE  
7           Board.

8       Q. Uh-huh.

9       A. (Gelineau) The EESE Board has consistently been looking  
10          at trying to save energy throughout the state. And, it  
11          hasn't necessarily focused on one form of energy or  
12          another. So, again, there -- outside of the  
13          proceedings within these walls, there is a -- it's our  
14          perception that there is a high level of interest in  
15          providing energy efficiency service that go beyond  
16          electric. And, from an efficiency standpoint, it's  
17          important that we do this as effectively as possible.  
18          Specifically, that it doesn't make sense for us to go  
19          out and try and replace light bulbs and a refrigerator,  
20          and then have somebody else go out and try and fix  
21          somebody's heating system. And, you know, if they have  
22          got more than one heating system, have somebody else go  
23          out to do that. It makes sense to try and get  
24          everything done at once. And, that's also effective

1                   from the standpoint of a customer, who doesn't  
2                   necessarily need to deal with 15 different people to  
3                   solve one problem.

4   Q.   Thank you. I understand the argument. The first part  
5                   of your response was responsive to where the tipping  
6                   point was. Thank you.

7                   MS. THUNBERG: Chairman Ignatius, I  
8                   understand you wanted to take a break at 12:30. I'm  
9                   moving onto a different topic. I can cover the next one  
10                  in another five, ten minutes, or if you wanted to break  
11                  now?

12                  CHAIRMAN IGNATIUS: I think taking a  
13                  break right now makes more sense. So, we will -- let's  
14                  try to be back by 1:30. I know that's tight, but make  
15                  your efforts to do that. And, if we spill over a bit, so  
16                  be it, but see if we can shoot for that. Thank you.

17                  (Whereupon the lunch recess was taken at  
18                  12:38 p.m. and the hearing resumed at  
19                  1:36 p.m.)

20                  CHAIRMAN IGNATIUS: Ms. Hollenberg.

21                  MS. HOLLENBERG: I have a procedural  
22                  problem. Due to a personal family emergency, I need to  
23                  leave by 2:00. And, I just would ask that Mr. Eckberg not  
24                  take the stand while I'm not here. And, I'm not sure what

1 else to suggest.

2 CHAIRMAN IGNATIUS: Do you know when  
3 you'll be back?

4 MS. HOLLENBERG: I may be able to be  
5 back by 4:00.

6 CHAIRMAN IGNATIUS: Can I ask, do the  
7 parties have cross-examination for Mr. Eckberg planned?

8 MS. GOLDWASSER: Yes.

9 MS. THUNBERG: Yes.

10 CHAIRMAN IGNATIUS: I hear some "yeses".  
11 All right. All right, I understand that. I wish you  
12 well. And, let's see where we go.

13 MS. HOLLENBERG: Thank you.

14 MS. THUNBERG: Thank you. Staff can  
15 resume its questioning?

16 CHAIRMAN IGNATIUS: Yes, please. I'm  
17 sorry. Please go ahead.

18 MS. THUNBERG: We still have just a  
19 couple more follow-ups on the issue of the customer  
20 numbers. Mr. Gelineau, I believe you were taking the lead  
21 on answering. And, would like to have Iqbal Al-Azad ask  
22 those questions please.

23 BY MR. IQBAL:

24 Q. Remember when we asked about the question on

1           Exhibit 33. We referred to the "60,000" customers,  
2           which are generally high use customers identified in  
3           utilities.

4 A. (Gelineau) And, that was on Page what?

5 Q. Page 9.

6 A. (Palma) Okay. Thank you.

7 Q. And, when we tried to compare these two numbers, you  
8       say that "it is not apple-to-apple." But the number  
9       you are using, "5,400", are those high use customers or  
10      those are electric heat customers?

11 A. (Gelineau) They are -- we believe they are electric  
12     heat customers. As a minimum, they -- their usage  
13     pattern is a pattern which would be identified with the  
14     use of electric heat.

15 Q. But you cannot definitively say that those are electric  
16     heat customers?

17 A. (Gelineau) I cannot definitively say that they are  
18     electric heat customers. I can only definitively say  
19     that their usage pattern mirrors that of an electric  
20     heat customer.

21 Q. And, can we call them as "high use customers" or do you  
22     have another group of high use customers who actually  
23     meet the characteristics of high use customers?

24 A. (Gelineau) We have another definition of "high use

1           customers", which actually -- and, in fact, it is given  
2           to you on Page 9. It would be those who average 30  
3           kilowatt-hours a day. So, that would be the definition  
4           of a "high use customer". And, it would be very easy  
5           to see that you could have 60,000 high use customers,  
6           and only 8,500 of them be electric heat customers, for  
7           example. That would be possible to have that  
8           situation. This number that you see, the "60,000", is  
9           -- doesn't really say any more than they are "high use  
10          customers". It does not give you any distinction in  
11          terms of, you know, exactly how they use that usage,  
12          make use of that electricity. So, it's very  
13          conceivable that some portion of those would be  
14          electric heat customers and some other portion of them  
15          might be just high use customers.

16 Q. So, if he multiply the 30 kilowatt-hour per day with  
17        365, it gives us the number around 11,000  
18        kilowatt-hour. So, when you analyze the electric heat  
19        customer, the 5,400, are those people -- are those  
20        customers in the same range?

21 A. (Gelineau) They are higher than that. Because, just  
22        like if I were to use your numbers, for example, you've  
23        indicated that a typical home user would use 7,200  
24        kilowatt-hours, I think, in your analysis. So, that

1           7,200 would need to be subtracted from the 11,000 -- I  
2           didn't get the entire number, but 11,000 and something,  
3           so that would be less than 5,000 that we came up with  
4           for an electric heat user.

5 Q. Did you do this, analyze this every year?

6 A. (Gelineau) I'm sorry?

7 Q. Did you do this, analyze this, figuring out how many  
8           customers are electric heat customers, every year?

9 A. (Gelineau) No. We did an analysis in 2008, and we did  
10          one that just was -- that was just completed recently,  
11          within, I would say, it was completed last month.

12 Q. And, you used only yearly data for that particular  
13          year?

14 A. (Gelineau) Yes. It was data that was -- it was for  
15          customers that had at least one full year of data.

16 Q. Is it possible that the yearly data, using one yearly  
17          data, that it could be an outlier year, compared to if  
18          you take multiple year data?

19 A. (Gelineau) If your question is, would the results be  
20          different if we looked at a different year? My answer  
21          would be "certainly, that's possible." I think that  
22          the thing that would be at issue is "what is it we're  
23          trying to accomplish?" What we're trying to accomplish  
24          is to identify those who currently use electric heat.

1           And, so, using the information from the most recent  
2           period, to me, makes the most sense. That would allow  
3           us to identify those who actually are using electric  
4           heat as of the time that we do the analysis.

5       Q.    But you cannot say specifically how many people  
6           actually are using electric heat, on that particular  
7           year?

8       A.    (Gelineau) Are we going back to the suggestion that,  
9           "just because they have an electric heat profile, it  
10          doesn't mean that they use electric heat"? Is that --  
11          is that what you're asking?

12      Q.    No. I'm talking about your analysis, that you use and  
13          analyze the same analytic framework to find out who are  
14          using electric as a heating energy source.

15      A.    (Gelineau) Okay. What we did was we looked for  
16          customers who had 12 months of data, and, from those  
17          customers, we looked for customers who had high usage,  
18          relative to the shoulder months of May/June and  
19          September/October, in the wintertime. So, that's how  
20          we identified those customers. We looked for those who  
21          had usage during the winter months that was  
22          substantially above the usage that they would have  
23          during the shoulder months. And, that was the -- that  
24          was the definition that we used for customers that we

1           put in the "high" -- in the "electric heat" category.  
2           And, as I said before, just because they have an  
3           electric heat profile, doesn't automatically mean that  
4           they use electric heat, but they are certainly those,  
5           for someone who does not have that profile, it's very  
6           unlikely that they do have electric heat. So, what  
7           we're trying to do is identify customers to whom we  
8           would market this program. And, that's how we did it.

9       Q.    Is your analysis reviewed by anybody other than the  
10      utilities? Did you make that analysis available with  
11      methodology and all those details to other parties,  
12      other than the utilities that you represent?

13      A.    (Gelineau) We have shared the -- the process was that  
14      we had come up with a study guideline in terms of how  
15      we would go about making that calculation, and we  
16      shared that with Unitil. And, they have done the same  
17      analysis. So, we -- it's not a secret. We could  
18      certainly shared the information as to how we did it.  
19      But we did not get consultants to do this work, we did  
20      it ourselves.

21      Q.    So, you're confident on your analysis that your  
22      analysis is correct, compared to other analyses other  
23      parties provided?

24      A.    (Palma) I'm sorry. We didn't ask someone else to do

1           the same analysis of our customers, and then did it  
2           ourselves and said "well, our number is better." That  
3           hadn't been done. So, we did the analysis and came up  
4           with the results.

5 BY MS. THUNBERG:

6 Q. And, these results were not verified by an independent  
7           third party, is that correct?

8 A. (Gelineau) They were independently verified by other  
9           people within our organization, but we did not have  
10           somebody from outside. We didn't hire a third party to  
11           review this information, no.

12 Q. Thank you. A general question to either one of you.  
13           Do you believe there are significant opportunities  
14           remaining to serve customers with electric space  
15           heating?

16 A. (Gelineau) Could you define what you mean by a  
17           "significant opportunity"? And, I ask that question  
18           from this perspective: I think that there are --  
19           certainly, to the extent that we could get, if we have  
20           5,400 electric heat customers, and all of them signed  
21           up tomorrow, we would have a significant opportunity.  
22           The issue is that we have asked these folks, and we  
23           will ask them again to participate. But, if they don't  
24           come forward, then the answer to your question would

1           be, "albeit they may have potential, the opportunity is  
2           not really there, if they're not willing to  
3           participate."

4       Q. Let me ask it again, because this is a question, rather  
5           than have the paperwork of putting your response --  
6           PSNH and Unitil's response to Staff 5-5. Do you recall  
7           there being a statement "The Company's do not believe  
8           there are significant opportunities remaining to serve  
9           this segment of residential customers"?

10      A. (Gelineau) Yes. And, thanks for that reminder. But,  
11           yes, I do remember that.

12      Q. And, that is still your position?

13      A. (Gelineau) Yes, it is.

14      Q. Thank you. And, will the Companies continue to serve  
15           such customers if they are found, is that correct?

16      A. (Palma) Absolutely.

17      A. (Gelineau) Absolutely.

18      Q. Okay. And, do you believe there continue to be  
19           potential energy savings for residential electric  
20           measures such as lighting, appliances, and hot water?

21      A. (Gelineau) There are opportunities in those fields. I  
22           think that my -- my caution would be that it is the  
23           weatherization measures that turn these programs, where  
24           you're working within customers' homes, into a

1 cost-effective program. And, to the extent that you  
2 eliminate the weatherization measures, I think it's  
3 going to be very difficult to come forward with a  
4 cost-effective program that would go into somebody's  
5 home and save just electricity outside -- and no other  
6 energy measures, if weatherization was not involved.

7 A. (Palma) I would suggest, on hot water, the efficiency  
8 gains in a typical tank are fairly small to warrant a  
9 replacement of a tank -- tank-for-tank replacement.  
10 However, there is, and I think we stated in the hearing  
11 last December, there is a technology in heat pump -- of  
12 water heat technology that I'm hearing is having some  
13 technical issues with, where we are tracking that  
14 technology, and there should be an evaluation out this  
15 August from the Massachusetts utilities, that I was --  
16 had offered to bring to the New Hampshire CORE team.  
17 So, we could take a look at that later, later this  
18 summer.

19 Q. I'd like to have you turn to Page 18 of Staff's direct  
20 testimony please.

21 A. (Gelineau) That was 18 in Staff's direct?

22 Q. Yup. Yup. It's a listing of options, has "Option 1".  
23 CMSR. HARRINGTON: What is the number of  
24 that please?

1 MS. THUNBERG: I'm sorry. Page 18 of --

2 I don't know what exhibit number --

3 CHAIRMAN IGNATIUS: Exhibit 35.

4 MR. EATON: Thirty-five.

5 MS. THUNBERG: Thirty-five. Thank you.

6 BY MS. THUNBERG:

7 Q. And, just let me know when you're there.

8 A. (Gelineau) Yes, we're there.

9 Q. Now, let me just read this into the record, Staff's  
10 first option is to "continue to serve PSNH and UES  
11 ratepayers with Home Energy Solutions Program and other  
12 electric-related measures/programs that focus on  
13 electric savings, consistent with all other utilities."  
14 And, would you agree that, let me just -- you do not  
15 have Staff 5-5 in front of you, or your response?  
16 Okay. I'd like to give it to you to refresh your  
17 recollection.

18 (Atty. Thunberg distributing documents.)

19 BY MS. THUNBERG:

20 Q. In Staff Question 5-5, you were asked about Page 4 of  
21 your testimony. And, the question was, "Did you  
22 conclude from your analysis of the market for  
23 weatherization of electric space heat at homes is  
24 saturated?" And, so, you provide an answer. And, my

1 question to you is, in looking at Option 1 that Staff  
2 has in its testimony, are both your response and Option  
3 1 similar in that they both suggest continuing to offer  
4 the Home Energy Solutions Program?

5 A. (Gelineau) No. I don't believe that -- I tried to, in  
6 my last response, I tried to point to what the problem  
7 with Option 1 is. And, quite simply, without  
8 weatherization in the mix, the program is going to be  
9 difficult or impossible to deliver cost-effectively.  
10 Weatherization takes you over the threshold to make the  
11 program cost-effective. And, without weatherization,  
12 it's going to be very difficult to bring in-home  
13 delivery of services to customers. And, I think that  
14 we have seen, in a number of places, both in the GDS  
15 study, which the Commission has asked us to use as a  
16 guide, for guidance, in terms of implementation and  
17 design of programs, as well as the VEIC study, they're  
18 recommending that fuel-neutral programs are a way of  
19 getting at the electric measures that would -- are in  
20 the home, and to get at those other measures.

21 But, without the weatherization, you  
22 can't just go into a home and replace a light bulb, and  
23 expect that the program is going to be cost-effective.  
24 It just won't be. You need to have substantial energy

1           savings. And, those substantial energy savings come  
2           from weatherization.

3 Q. Isn't weatherization -- isn't the Home Energy Solutions  
4           Program a weatherization program?

5 A. (Gelineau) It is. But, if you -- if you don't have  
6           anybody that's willing to participate in the  
7           weatherization piece of it, then you don't have a  
8           weatherization program, you've just got what's left.  
9           And, that's the problem. We've been trying to point  
10          out that the problem is those customers, with electric  
11          heat, have been offered the program. And, if they said  
12          that they're interested, we're more than happy to serve  
13          them. But there aren't enough of those customers to  
14          make the program continue.

15 Q. And, just one more question about Option 1. As it's  
16          stated here, Staff is -- would you agree that Staff is  
17          not suggesting not to pursue other electric measures?

18 A. (Gelineau) I would agree with that.

19 Q. Okay. Thank you. Okay. I'm going to turn to your  
20          rebuttal testimony. And, in particular, this is your  
21          rebuttal testimony, Page 7, Lines 12 through 16. And,  
22          with respect to that "98 percent", do you see that?  
23          Line 13?

24 A. (Gelineau) Yes.

1 Q. Does this percentage include electric customers that  
2 heat with oil, liquid propane, kerosene, and wood?

3 A. (Gelineau) "Are those customers, would they be in the  
4 98 percent?" Is that what you're asking?

5 Q. That's the question.

6 A. (Gelineau) Yes.

7 Q. Now, customers, I believe we may have gotten this on  
8 the record, but I'll just ask it more directly,  
9 customers who heat with these fuels, oil, liquid  
10 propane, kerosene, and wood, they do not pay into the  
11 System Benefit Charge or the LDAC on account of their  
12 space heating, correct?

13 A. (Gelineau) If they don't --

14 CHAIRMAN IGNATIUS: I'm sorry. I didn't  
15 understand the question. Maybe, before you answer it, can  
16 you restate that?

17 BY MS. THUNBERG:

18 Q. Customers who heat with oil, liquid propane, kerosene,  
19 or wood do not pay into a Systems Benefits Charge or  
20 the LDAC, on account of the space heating. I'm not  
21 talking about power, you know, power and light, I'm  
22 just talking about space heating.

23 A. (Gelineau) I'd agree with that.

24 A. (Palma) I want to add that, whatever electric portion

1           their space heating equipment uses, they do pay on that  
2           piece.

3   Q. Now, do all of the 98 pay a System Benefit Charge or  
4       LDAC surcharge on their heating usage? Whoops. I  
5       think I already asked that, and I think you already  
6       answered. My apologies. And, I just want to -- is it  
7       fair to say that, even though some of these customers  
8       do not pay into the System Benefit Charge or LDAC  
9       because of their heating usage, that it is PSNH and  
10      Unitil's position that you want these customers to  
11      still receive the benefit of the HPwES Program,  
12      correct?

13   A. (Gelineau) That is correct. Just to be clear, what  
14       we're suggesting is that all customers, 100 percent,  
15       would have access to the Home Performance Program.

16   Q. You're talking about the 98 percent?

17   A. (Gelineau) No. I'm talking about 100 percent of  
18       customers should have access to the Home Performance  
19       Program, if that's -- I think the question was "what  
20       percentage should have access to the program?" We're  
21       saying "100 percent". All customers should have  
22       access.

23                           MS. THUNBERG: I have a couple of  
24       questions that relate to Exhibit 23, which everyone should

1 have. But I have excerpted out the pages that I'd like to  
2 at least draw attention to or ask questions of. I'd like  
3 to hand out Pages 24 and 25, if that's acceptable?

4 CMSR. HARRINGTON: Could you identify  
5 Exhibit 23 by more than just "Exhibit 23", so, we'll know  
6 if we have it?

7 MS. THUNBERG: Yes. Exhibit 23 is  
8 attached to the Settlement Agreement, and Attachment A to  
9 that Settlement Agreement had the CORE Program identified.

10 CMSR. HARRINGTON: Is this dated  
11 "December 15, 2011"?

12 MS. THUNBERG: December 2011.

13 CHAIRMAN IGNATIUS: I didn't bring all  
14 of that with me.

15 MS. THUNBERG: Okay.

16 CHAIRMAN IGNATIUS: So, as you question,  
17 just make sure you explain what it is we're looking at.  
18 Thank you.

19 CMSR. HARRINGTON: It's Attachment what?

20 MS. THUNBERG: Okay. I'm going to be  
21 talking about Pages 24 and 25.

22 CMSR. HARRINGTON: Of Attachment what?  
23 There's multiple attachments.

24 MS. THUNBERG: It's going to be

1 Attachment A to the Settlement Agreement. I'm handing out  
2 extra pages, if people need them. It's already been  
3 marked as an exhibit.

4 CHAIRMAN IGNATIUS: Thank you.

5 MS. THUNBERG: So, I'm not intending to.  
6 But do any of the Commissioners need it?

7 CHAIRMAN IGNATIUS: Thank you.

8 (Atty. Thunberg distributing documents.)

9 CHAIRMAN IGNATIUS: And, do the parties  
10 all have either their original copies or the handout  
11 today?

12 BY MS. THUNBERG:

13 Q. I'd just like to have you turn to Page 25. And, we're  
14 looking at -- looking for the "Home Performance with  
15 ENERGY STAR Program", and the split between the  
16 electric and non-electric benefits. And, I'm just  
17 trying to cull that out of this table. And, I  
18 believe, if I look at the "Total Benefits" column and  
19 then the "Non-Electric Resource" column, with those two  
20 numbers am I able -- are those the numbers that I would  
21 look to to look at the percentage of electric and  
22 non-electric benefits?

23 A. (Gelineau) I think that would be an appropriate way to  
24 do that.

1 Q. "Appropriate"?

2 A. (Gelineau) Yes. That would be correct.

3 Q. Okay. I didn't know if I had heard "inappropriate" in  
4 there.

5 A. (Gelineau) No.

6 Q. Thank you. And, so, subject to check, if I were to  
7 take the "5,720,212" and divide that by "5,808,441", I  
8 would get a 98.5 percent non-electric portion of  
9 benefits? Is that -- would you agree with that?

10 A. (Gelineau) I would.

11 Q. And, that the remaining 1.5 would be benefits  
12 attributed to electric savings?

13 A. (Gelineau) That's correct.

14 Q. Okay.

15 A. (Gelineau) What -- just as a review as far as what it  
16 is we're looking at here, this is the 2012 plan. So,  
17 in other words, this doesn't reflect actual results.  
18 And, I think that, if -- I think it would also be  
19 appropriate, as you're looking at that, that you might  
20 want to look at the actual results from 2011. And, if  
21 you look at those actual results, you find that the  
22 electric savings amounted to 8 percent of the total.  
23 So, in an actual situation, this is -- it doesn't  
24 necessarily match up with what the plan is. The plan

1        doesn't necessarily always tell you what is going to  
2        happen. But, as I say, if you looked at these same  
3        numbers for 2011, you would see that the actual results  
4        were an 8 percent electric amount, as compared to the  
5        total energy savings. And, as we've been discussing,  
6        you understand that that 8 percent doesn't really  
7        include any ancillary savings. So, the actual results  
8        are not necessarily reflected in this plan.

9        Q.     But we're still talking of an order of magnitude of  
10      like 90 percent to 10 percent, correct?

11      A.     (Gelineau) I'm sorry?

12      Q.     We're still talking about a order of magnitude, whether  
13      we use this plan or the actuals, we're still talking  
14      about an order of magnitude split between electric and  
15      non-electric of about 90 to 10 percent, correct?

16      A.     (Gelineau) We are.

17      Q.     Okay.

18      A.     (Gelineau) But --

19      Q.     Did you need to clarify?

20      A.     (Gelineau) Just to put it in perspective, though. I  
21      think that, if one recalls back when the Commission  
22      made their ruling in 2009 that it was appropriate to  
23      use Systems Benefits Charge dollars for non-electric  
24      measures, there was a record request in that hearing.

1       And, in that record request, there was a -- this same  
2       question was asked. And, the results of that was that  
3       7 percent of the savings were electric, and 93 percent  
4       were non-electric. And, so, what that's telling me is  
5       that the actual results in 2011 actually produced more  
6       electric savings than were anticipated when the  
7       Commission made their ruling that it was appropriate to  
8       use Systems Benefits Charge dollars for non-electric or  
9       for our fuel-neutral program.

10      Q.     Thank you for that explanation. Just using the 9. --  
11       our "98.5" number that comes out of this plan as a  
12       reference, the question is, if the 98.5 percent of the  
13       savings leaves the electric system, isn't the electric  
14       energy efficiency savings diminished as a resource  
15       option?

16      A.     (Gelineau) Could you give me a little bit more by what  
17       you mean by "resource option"? There's certainly fewer  
18       electric savings -- well, fewer -- I could use some  
19       better explanation as to what the question is.

20      Q.     Yes. My apologies for not framing it better. PSNH  
21       just had hearings on a Integrated Resource Plan, were  
22       you -- are you aware of those?

23      A.     (Gelineau) I am very aware of those.

24      Q.     And, part of the Integrated Resource Plan is to look at

1 demand-side management as a resource, correct?

2 A. (Gelineau) Correct.

3 Q. And, so, in that context, in looking at, you know,  
4 98.5 percent of the savings being pulled out, I guess  
5 attributed to non-electric savings, doesn't that  
6 decrease the value of using DSM as a resource in an  
7 Integrated Resource Plan? Or, I guess, would you  
8 agree?

9 A. (Gelineau) Well, it certainly shifts the value  
10 potentially from saving electricity to other forms of  
11 energy. There's no argument there. That's certainly  
12 true. And, again, we're talking about "plan" versus  
13 "actual". But, to the extent that that's true, that  
14 would shift the benefits from saving electricity to  
15 saving some other form of fuel. And, I think that  
16 we've tried to indicate that, both from a customer  
17 perspective and from several different state  
18 perspectives, those other forms have significant value  
19 as well.

20 (Atty. Thunberg distributing documents.)

21 | BY MS. THUNBERG:

22 Q. I'd like to ask you a little bit more about the -- were  
23 you, Mr. Gelineau, involved with the Integrated  
24 Resource Plan hearings?

1 A. (Gelineau) Yes, I was.

2 Q. Okay.

3 CHAIRMAN IGNATIUS: And, Ms. Thunberg, I  
4 want to caution you, everyone, really, the witness maybe  
5 even more so. That's still an open docket. The record  
6 has been closed, but has not yet been ruled on. It would  
7 be inappropriate to try to supplement the record today  
8 with any discussion that goes to the merits of the current  
9 Least Cost Plan proposal or whether the Commission should  
10 approve it. That's what's still pending before us. That  
11 may have nothing to do with where you're going. But, just  
12 please think about that, and witnesses think about that in  
13 any responses. We're not taking up the appropriateness or  
14 debating the contents of the Least Cost Plan today.

15 MS. THUNBERG: Understood. I'd like to  
16 mark this document, it's a public exhibit from that  
17 docket, for identification here. I'd like to ask the  
18 question. I'll pause, and let Attorney Eaton screen it,  
19 to the extent it supplements the record. Because I'm  
20 trying to bring the document in for the HPwES Program and  
21 where it's going, is my purpose. It's for this docket.

22 CHAIRMAN IGNATIUS: All right.

23 MS. THUNBERG: But I understand, if it,  
24 not having been involved with the IRP docket, I don't know

1 if it is supplementing that record. And, I'm going to  
2 need to leave it to Attorney Eaton to do that screening,  
3 and you.

4 CHAIRMAN IGNATIUS: Well, my only point  
5 is, if you have a question that ties to this  
6 proceeding, --

7 MS. THUNBERG: Yes.

8 CHAIRMAN IGNATIUS: -- and reference to  
9 the proposed Least Cost Plan, I have no problem with that.  
10 But, anything beyond that, that gets into what the plan's  
11 about and its appropriateness is going to be problematic.

12 (Atty. Thunberg distributing documents.)

13 CHAIRMAN IGNATIUS: Let's go off the  
14 record.

15 (Brief recess taken for a switching of  
16 the court reporters. This **A.M. and**  
17 **Early P.M. Session Only** ended at 2:13  
18 p.m., and the hearing to resume **under**  
19 **separate cover** so designated as  
20 "**Midafternoon Session Only**". )

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