

DIRECT TESTIMONY  
OF  
ENERGY EFFICIENCY PANEL

1 Q. Will each of the Panel members please state your name and business  
2 address.

3 A. (VanBuren) My name is Denise Doring VanBuren and my business  
4 address is 284 South Avenue, Poughkeepsie, NY 12601.

5 A. (Kiszkiel) My name is Eric J. Kiszkiel and my business address is 284  
6 South Avenue, Poughkeepsie, NY 12601.

7 A. (Spector) My name is Michael I. Spector and my business address is also  
8 284 South Avenue, Poughkeepsie, NY 12601.

9

10 Q. By whom are you employed and in what capacity?

11 A. We are each employed by Central Hudson Gas & Electric Corporation.  
12

13 A. (VanBuren) My capacity is Vice President Corporate Communications and  
14 Energy Efficiency. I have executive responsibility for matters pertaining to  
15 Energy Efficiency, Governmental Affairs, Community Relations, Corporate  
16 Communications and Economic Development.

17 A. (Kiszkiel) My capacity is as the Manager of Energy Efficiency. I have  
18 overall responsibility for matters pertaining to energy efficiency.

19

20 A. (Spector) My capacity is as Associate Engineer - Energy Efficiency. I  
21 have responsibility for program design and evaluation matters pertaining  
22 to energy efficiency.

23

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1 Q. Please summarize your educational background and professional  
2 experience.

3 A. (VanBuren) I earned a Bachelor of Science Degree in Mass  
4 Communication from St. Bonaventure University in 1983 and a Masters in  
5 Business Administration from Mount St. Mary College in 1997. I have  
6 been continuously employed by Central Hudson since 1993; prior to that  
7 time, I served as an elected City Council member in the City of Beacon,  
8 New York, and spent approximately ten years as the news director and  
9 anchor at NewsCenter 6 in Wappingers Falls, New York.

10 A. (Kiszkiel) I received a Bachelor of Science Degree in Mechanical  
11 Engineering from Clarkson University in 1996 and a Master of Science  
12 from Polytechnic University in 2000. I have been a Licensed Professional  
13 Engineer in New York State since 2002. Since 1996, I have been  
14 continuously employed by Central Hudson, with assignments in its  
15 Mechanical Engineering, Gas & Mechanical Engineering, and Customer  
16 Services Groups. Prior to my current assignment I served as Director of  
17 Electric Distribution Maintenance.

18 A. (Spector) I received a Bachelor of Science Degree in Electrical  
19 Engineering from Binghamton University in 2001, a Master of Business  
20 Administration from Mount Saint Mary College in 2003, and a Master of  
21 Engineering in Power Engineering from Rensselaer Polytechnic Institute in  
22 2005. I became a Licensed Professional Engineer in New York State in  
23 2008. Since 2001, I have been continuously employed by Central

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1 Hudson, with assignments in Engineering including Substation Design and  
2 Transmission Planning and my assignment in Energy Efficiency.

3 Q. Have you previously testified before this Commission?

4 A. None of us have previously testified before the Commission.

5

6 Q. What is the purpose of your testimony in this proceeding?

7 A. Our testimony will address Central Hudson's proposed Energy Efficiency  
8 programs (inclusive of projected energy savings, staffing and  
9 expenditures) to deliver energy efficiency programs to our nearly 400,000  
10 natural gas and electric customers in an eight-county service territory in  
11 the Mid-Hudson Valley, as part of the statewide directive to reduce energy  
12 use 15 percent by the year 2015.

13

14 Q. Why have you filed your programs in this rate case?

15 A. We have read the Commission's June 23, 2008 decision in the generic  
16 energy efficiency case. We note that the Order does not specifically  
17 require nor preclude the filing in a rate case of the three utility "expedited"  
18 programs, nor of utility "jurisdictional gap" programs.

19

20 Energy efficiency programs were considered in recent rate cases decided  
21 before the recent generic case Order. In addition, as discussed in the  
22 testimony of Company witness Brocks, this Central Hudson rate case has  
23 assumed that the funding for the Company labor required to conduct the

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1 energy efficiency programs will be funded by the System Benefits Charge  
2 (“SBC”). Should that assumption turn out to be incorrect, the Company  
3 will necessarily require funding through rates for its internal labor, as well  
4 as for any other energy efficiency program cost elements that are not  
5 funded through an SBC mechanism.

6

7 An additional factor is that the Company wishes to implement its proposed  
8 programs as soon as possible, and this rate case has an eleven month  
9 timeline for completion. We believe that this time constraint will assist all  
10 parties in assuring that our proposed programs are reviewed as soon as  
11 possible.

12

13 Q. What is the amount of energy efficiency savings that have been assigned  
14 to Central Hudson in the Commission’s June 23, 2008 order in the generic  
15 efficiency case?

16 A. The Commission has required Central Hudson to achieve 91 GWH in  
17 energy efficiency savings by the end of 2011. This amount is subject to  
18 upward adjustment of up to 13 GWH for “TIF” (on-bill-financed) energy  
19 efficiency savings.

20

21 Q. Has the Commission provided utilities with flexibility in how they meet their  
22 assigned energy efficiency savings obligations?

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1 A. We understand that the 91 GWH savings goal, or target increment  
2 assigned to Central Hudson is intended to be measured over the 2008  
3 through 2011 time period, and that any given utility is not required to offer  
4 the exact same “expedited” programs as any other utility. On the other  
5 hand, the Commission’s Order also seems to contemplate that utilities will  
6 seek “collaboration” with “interested parties” for the purpose of seeing the  
7 extent to which the utility’s “expedited” programs are “coordinated” with  
8 other, similar programs offered by other utilities and by NYSERDA.

9

10 Q. How do you propose to address these aspects of the Commission’s  
11 Order?

12 A. Central Hudson has refined the programs it had previously filed with the  
13 Commission in September 2007 to respond to the June 23, 2008 Order.  
14 The elements of these programs include the two electric and one gas  
15 utility expedited programs under an “expedited” or “fast track” program  
16 umbrella, specifically 1) Residential Electric HVAC, 2) Residential Gas  
17 Equipment, and 3) Small Commercial Direct Install, coupled with  
18 additional “jurisdictional gap” programs to achieve the 91 GWH assigned  
19 savings goal by the end of 2011.

20 The Company is interested in TIF programs.

21 We have not proposed TIF programs at this time because a “working  
22 group” has been established in the generic energy efficiency case to

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1 address this topic and we believe that the working group will probably  
2 develop generic approaches. We are participating in that working group.  
3 We have previously proposed collaboration with the parties to Case 07-M-  
4 1139, but that request was opposed by some of the parties and was not  
5 approved by the ALJ in that case. However, the ALJ in that case recently  
6 authorized collaboration concerning the residential gas HVAC element of  
7 the utility "expedited" program recently identified by the Commission, with  
8 an objective of seeking to implement that program as soon as possible. In  
9 addition, before we made the filing that became Case 07-M-1139, we had  
10 some discussions with NYSERDA. Since June 23, 2008, we have  
11 participated with some other utilities in initiating collaborative discussions  
12 with NYSERDA.

13  
14 Q. How much of the 91 GWH do you estimate will be achieved by the three  
15 utility expedited "fast track" programs?

16 A. We estimate that the two electric and one gas "fast track" programs will  
17 achieve 48 GWH over the 2008 through 2011 time period. In addition, we  
18 expect to save approximately 170,000 therms by 2011.

19  
20 Q. How do you propose to achieve the 43 remaining GWH in energy  
21 efficiency savings?

22 A. We propose that the Commission authorize the Company to implement a  
23 suite of additional cost effective energy efficiency programs, as are

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1 described subsequently in this testimony, to address the initial period  
2 between now and the end of 2011.

3

4 Q. What are the components of these additional programs?

5 A. The additional “jurisdictional gap” programs are a Lower Income Program,  
6 an Appliance Recycling Program, an Expanded Residential HVAC  
7 Program (expanded beyond the “expedited” residential program), and a  
8 Residential Lighting – Community Group CFL Sales program. We have  
9 provided comprehensive program descriptions of each these programs,  
10 and the range of potential savings and costs, in our Exhibit \_\_\_\_\_ (EEP-  
11 1). In addition, we have provided a set-aside of 12 GWH for third-party  
12 bid-in programs.

13

14 Q. Please provide an overview of the additional electric, gas and low income  
15 energy efficiency programs that you are proposing.

16 A. As shown in Exhibit \_\_\_\_\_ (EEP-1), the additional programs are targeted  
17 at areas and sectors not served by the “fast track” or existing NYSERDA  
18 programs, and are intended to present a well-rounded suite of energy  
19 efficiency options for consumers in the Mid-Hudson Valley, as follows: 1)  
20 Appliance recycling (including refrigerators, freezers, and eligible room air  
21 conditioners), which is estimated to produce 8.5 GWH in energy savings  
22 through 2011; 2) Expanded Residential HVAC inclusive of HVAC system  
23 early retirement, which is estimated to produce 3.2 GWH in energy

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1 savings through 2011; 3) Lighting initiative through Community Groups,  
2 estimated to produce about 1.2 GWH in savings through 2011; and 4)  
3 Lower Income Assistance estimated to produce 2.2 GWH in electric  
4 energy savings and 300,000 therms through 2011 in gas savings. In  
5 addition, the Company has designed a mid-sized Commercial Direct  
6 Install program, filling the space between the small commercial “fast track”  
7 programs, and that of the existing NYSERDA Industrial Flex Tech program  
8 that is oriented towards larger commercial and small industrial customers,  
9 projected to produce 4.9 GWH in electric energy savings.

10

11 Combined with the utility “expedited” programs, the total projected savings  
12 from the above programs are about 79 GWh. The remainder of target  
13 savings, about 12 GWh, has been reserved for third party bidding.

14 For convenience, we have reformatted and summarized information from  
15 Exhibit \_\_\_\_\_ (EEP-1) in the categories identified in Appendix 3 of the  
16 June 23, 2008 EEPS Order in our Exhibit \_\_\_\_\_ (EEP-2).

17

18 Q. How were the savings that you show in Exhibit \_\_\_\_\_ (EEP-1) calculated?

19 A. Stipulated energy savings data from existing, successful utility programs  
20 and NYSERDA are utilized for the majority of the residential programs,  
21 with calculations based on name plate type data performed for the  
22 residential HVAC and all of the Commercial programs due to the various  
23 and diverse types of equipment. The basis for use of stipulated savings is

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1 to minimize the “monitoring and evaluation” overheads for the initial rollout  
2 of programs. As programs are delivered these values would be refined  
3 through collection and analysis of data.

4 Again for convenience we have reformatted and summarized estimated  
5 savings and related program and cost information in our Exhibit \_\_\_\_\_  
6 (EEP-3).

7

8 Q. How were the programs developed?

9 A. These programs were developed based on industry best practices and  
10 data collected from customers through Central Hudson customer survey  
11 and focus groups, and other sources, such as the Central Hudson  
12 Residential Appliance Saturation Survey. The Company also retained an  
13 experienced energy efficiency expert to assist us in developing these  
14 programs.

15

16 Q. How were the benefit/cost ratios shown in Exhibit \_\_\_\_\_(EEP-1)for your  
17 proposed programs developed?

18 A. With the exception of the Lower Income Program, each of the programs  
19 was evaluated using a standard Total Resource Cost (TRC) test, utilizing  
20 assumptions and conditions to the extent detailed in the recent Order  
21 Establishing Energy Efficiency Portfolio Standard and Approving  
22 Programs, issued June 23, 2008. The assumptions used for the TRC  
23 calculations are consistently reflected in budget estimates, and these

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1 values analytically coalesce to demonstrate the reasonableness of  
2 programs through the TRC calculations. The calculations are presented  
3 over the period between now and the end of 2011.

4 We have reformatted, summarized benefit/cost calculations in Exhibit  
5 \_\_\_\_\_ (EEP-4) and included the utility incentives in these benefit/cost  
6 calculations.

7

8 Q. Have you developed a total cost estimate over the period, and if so, how  
9 were those elements developed?

10 A. Yes, Exhibit \_\_\_\_ (EEP-1) contains the program by program cost estimates  
11 and Exhibit \_\_\_\_\_ (EEP-5) shows the budget breakdown summarized by  
12 calendar year and program. The budget is separated into five areas 1)  
13 Program administration, 2) Marketing, 3) Contract Labor, 4) Program  
14 Incentives, and 5) Measurement and Evaluation. The values in these  
15 categories are based on data from the Company's Residential Appliance  
16 Saturation Survey, and our assessment of market barriers, customer  
17 survey and focus group information, and expected penetration levels of  
18 energy efficient measures for each program. Program administration is  
19 the Company labor required to offer and effectively manage the proposed  
20 suite of programs; specific positions are further described below.

21 Marketing costs are based upon analysis of market barriers specific to the  
22 CHG&E territory, and need to reach specific niches of demographics  
23 through other than regular media channels, inclusive of utilizing

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1 community outreach organizations and trade ally groups. In addition,  
2 marketing costs incurred such as in-store promotion would be in this  
3 category. Examples of necessary items included in the contractor  
4 category are a contractor call center, rebate processing, and home audit  
5 professionals.

6 The program incentive category is based on reasonable penetration rates,  
7 taking into account gathered data regarding the Company's specific  
8 territory, as well as analysis of similar take rates found in similar utility  
9 territories such as New England and Maine. Since the Commission has  
10 not specified any particular level of utility "incentives," as of the time of  
11 preparation of this testimony, our calculations have employed the  
12 incentive structure the Company presented in the filing it made in  
13 September 2007. The costs of the incentive have been included in the  
14 TRC calculations.

15  
16 The measurement and evaluation budget is based on independent  
17 process and program evaluation costs and input into the Program  
18 Tracking System (PTS), inclusive of field verifications and audit activities  
19 where necessary. Here again, it appears that the Commission  
20 contemplates developing some generic approaches to monitoring,  
21 verification, and evaluation, which have not been developed as of the time  
22 of the preparation of our testimony.

23

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1 Q. Does your proposal include outreach, education and market information  
2 elements?

3 A. Yes. We propose that a strong energy efficiency awareness and  
4 education campaign be conducted. For example, embedded within the  
5 proposed dedicated website, there will be self-administered Home Energy  
6 Audit software featuring graphics and animation, aimed at educating the  
7 customer while providing a means to evaluate energy usage, efficiency  
8 and costs.

9

10 Q. Please explain the proposed Outreach/Education Campaign.

11 A. We believe that we have a decided advantage to increase awareness and  
12 adoption of efficient technologies as well as to effect meaningful changes  
13 in behaviors due to our long-standing relationships with the customers and  
14 the trust we enjoy. In the case of Central Hudson, with our high level of  
15 customer satisfaction and century-long history of good corporate  
16 citizenship in the Mid-Hudson Valley, our brand provides an extremely --  
17 and perhaps singularly -- valuable way to reach customers. A standalone  
18 website, SavingsCentral.com, will serve as the hub for customer contact,  
19 and have Home Energy Audit software embedded that provides education  
20 on the need to reduce energy consumption, allowing for a self  
21 administered home audit, and promoting investment in energy efficiency  
22 measures.

23

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1 Central Hudson's territory location is such that it is served by several  
2 distinct media markets, being the metro New York City market and the  
3 upstate Albany area market, and like other utilities, has a broad range of  
4 demographics. Proposed outreach would include prominent radio,  
5 television, and print advertisement targeted at the general customer base  
6 as well as specific market sectors such as small commercial, lower  
7 income, and non-native English speaking groups. Coordination and  
8 sponsorship of Community and Chamber events, as well as educational  
9 seminars for groups such as trade allies to gain support would be  
10 included. In addition, close relationships with area HVAC and appliance  
11 vendors, home improvement stores, and the like would be fostered and  
12 nurtured through training classes and publicity events designed to help  
13 move energy efficiency measures from the shelves into homes and  
14 businesses.

15  
16 Q. Please explain the Utility Administration Initial Start Up budget line item.

17 A. This item represents costs necessary to quickly and effectively ramp-up to  
18 a high level of delivering energy savings. Included in this amount would  
19 be IT labor and set up costs including procurement of Program Tracking  
20 Software and on-line Home Energy Audit Software, initial employee and  
21 contractor training, as well as administrative labor to screen and select  
22 qualified vendors and contractors, and put in place contracts with specific  
23 goals.

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1

2 Q. Do the benefit / cost ratios in Exhibit \_\_\_\_\_ (EEP-4) include utility  
3 incentives?

4 A. Yes. Forecast incentives have been included in developing the TRC  
5 values, as the Commission has required. In addition, since at the time of  
6 the preparation of this testimony, we do not know what incentives the  
7 Commission will adopt, we have also shown the TRC results assuming no  
8 incentives, to show the range of variation.

9

10 Q. What are the utility incentives for administration and operation of these  
11 energy efficiency programs that are detailed in Exhibit \_\_\_\_\_ (EEP-1)  
12 through Exhibit \_\_\_\_\_ (EEP-5)?

13 A. The Company believes that a benefit-based incentive model whereby the  
14 incentive is calculated as twenty percent of net program benefits, and  
15 twenty percent of the value of any environmental benefits attributable to  
16 the program such as greenhouse gas emission credits is appropriate. The  
17 proposed one-time start up incentive of 20 basis points, split (5 basis  
18 points each) as follows: i) Operation of the on-line audit program; ii)  
19 Achieving participation in the Residential Program; iii) Achieving  
20 participation in the Commercial/Industrial Program; and iv) Achieving  
21 participation in the Low Income Program, has not been included.

22

23 Q. What accounting treatment of energy efficiency costs are you proposing?

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1 A. In Case 07-M-1139, the Company requested Commission approval for  
2 deferral accounting for future recovery of all costs incurred. This request  
3 is still applicable.

4

5 Q. What is the proposed staffing to administer the energy efficiency  
6 programs?

7 A. The group is anticipated to consist of seven (7) employees as follows:

8 1. Manager – Energy Efficiency: Will have overall responsibility for  
9 development, administration and operation of energy efficiency  
10 portfolio programs and oversight of group.

11 2. Director - Residential Programs: Will be responsible for administering  
12 residential programs inclusive of oversight of field operations (i.e.,  
13 contractor oversight for home audit, call center, etc. activities).  
14 Responsible for tracking work and developing workplans.

15 3. Director - C&I Programs: Will be responsible for development and  
16 administration of Commercial Programs. This will include  
17 engagement of new technologies and development of standards for  
18 upgrades / retrofit / recommissioning activities. Will have direct report  
19 of Commercial Field Supervisor. Responsible for tracking work and  
20 developing workplans.

21 4. Field Supervisor – Commercial Programs: Will be directly  
22 responsible for commercial site audit process and over-site of field  
23 forces. Will schedule / manage daily activities.

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1           5.    Engineer – Analytics / Budget: Will provide engineering analysis for  
2                    program development. Document program activities. Calculate /  
3                    measure energy savings for installed measures as required.

4                    Responsible for overall database and program measurement and  
5                    verification activities. Will also act as group budget coordinator.

6           6.    Engineer – Residential and Commercial Programs: Will provide  
7                    engineering analysis for program development. Work with Field  
8                    Supervisor – Commercial Programs to provide case by case energy  
9                    analysis in support of commercial audit programs. Develop standard  
10                  practices and parameters for audits. Calculate energy savings based  
11                  upon energy efficiency installed measures.

12          7.    Clerk - Administrative Support: Will provide clerical support for  
13                  group. Interact with contract forces for rebate processing, etc.

14

15    Q.    Does this complete your direct testimony?

16    A.    Yes.

17