<u>Response to Information Requests</u>

Request IR-1:

Reference: Exhibit E-13, page 5-6.

Ms. Whitten indicates that "a well-crafted DSM plan can be successful in reducing or delaying an increase in peak demand that then should translate into customer bill savings" and that "the BCA test must not result in customers facing increased costs from the DSM rider in the absence of benefits and in addition to any rate increase that may result from a future general rate applications ('GRA')"

(a) Please provide a detailed description of the use of the word "benefits" in the sentence noting that small business customers understand they may face increased costs to achieve benefits (which appear to be linked to "customer bill savings").

(i) Does this mean energy system benefits (e.g., increased reliability, avoided new investment in generation, etc.), or does it include other societal benefits, such as the comfort and pride of E1 program participants?

(b) Does Ms. Whitten's testimony indicate support for the concept that DSM costs are appropriately incurred and paid for by NSPI customers in support of broad societal (and participant-specific) non-utility benefits?

(c) Is the above cited excerpt suggestive that Ms. Whitten is more conceptually aligned with a BCA such as the PAC test rather than the test proposed by E1 (i.e., a test focused on utility and customer bill benefits, rather than broader social and participant-specific benefits)

Response to IR-1:

a) My interpretation of benefits, as referenced in my evidence cited above, are those benefits that flow through utility revenue requirements, and thus to the customer.

(i) My interpretation of benefits would include maintaining or increasing reliability while being able to avoid the cost of incremental generation or fuel expense, as well as some societal benefits such as quantifiable reductions in emissions, but not societal benefits that cannot be reliably quantified at this time.

b) No, my evidence does not support the use of the broad societal non-utility non-energy benefits as proposed by EOne and EFG to justify expenditures that are then recovered through customer bills.

c) Yes, the above cited excerpt shows that I am conceptually aligned with the PAC test rather than the test proposed by E1. But I also view the PAC test as a primary test for a DSM plan that should also be further evaluated against the Total Resource Cost (TRC) test, applied to quantified costs and benefits.

Request IR-2:

Reference: Exhibit E-13, page 8.

Ms. Whitten indicates: "I recommend that E1's proposed BCA test not be approved until E1 has completed a thorough assessment of the proposed non-energy benefits presented in this Application. In addition, I respectfully submit that the Board direct E1 to do the following: 1. Obtain from an independent third party, not associated with this Application, evidence that shows the following non-energy benefits can be quantified: Comfort; Amenity; Empowerment'; and Pride. (collectively the "Unquantified Non-Energy Benefits")".

(a) Assuming these benefits can be fully and defensibly quantified, does Ms. Whitten consider it appropriate that these be included in the BCA, if they are not aligned with the emphasis at page 5 of the evidence regarding "customer bill savings" (i.e., these may be benefits to the participant, but not to the utility bills paid by NS Power customers, including small businesses)?

(b) Would the concerns of Ms. Whitten be equally addressed or mitigated by adoption of the PAC test as the primary BCA test for E1, rather than the proposed test, as this would eliminate the need to quantify the proxy values and hard-to-quantify benefits?

Response to IR-2:

a) No, the only reason why I discussed the non-energy benefits in my evidence was to provide my opinion for the Board's consideration, in the event that the Board decides that it will include non-energy benefits in its decision making. Even if the Board ultimately decides in favor of including the proposed non-energy benefits, my view is that it is premature to express an opinion on their value based on the assumption that while these benefits could be fully and defensibly quantified, they could be quantifiable but not material.

b) Yes, I would prefer that my concerns be addressed or mitigated by adoption of the PAC test as the primary BCA test for EOne, rather than the proposed test, as this would eliminate the need to quantify the proxy values for EOne's and EFG's proposed hard-to-quantify benefits of amenity, empowerment and pride. But I also consider it important to mention that the PAC test may be supplemented with other cost benefit information, such as bill impact considerations.