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May 16, 2018

Ian Finlayson
Department of Energy Resources
Energy Efficiency Division Deputy Director
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities' June 2018 Mid-Term Modification Request

Dear Mr. Finlayson:

Pursuant to § 3.8.1 of the Revised Energy Efficiency Guidelines set forth in D.P.U. 11-120-A, Phase II (January 31, 2013) ("Guidelines"), please find certain documentation supporting the Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities' ("Liberty Utilities" or the "Company") proposed Category One Mid-Term Modification ("MTM") for its Residential Whole House Program. Specifically, the Company is seeking approval to increase the budgets for the Residential New Construction ("RNC"), Home Energy Services – Measures and Home Energy Services - RCS ("HES"), and the Residential Multi-Family retrofit initiatives. The proposed increase will enable the Company to continue to achieve savings and offer these programs to customers. Liberty Utilities is working together with other Program Administrators that are filing MTMs for consideration at the June 20, 2018 Energy Efficiency Advisory Council ("EEAC" or "Council") meeting to develop a single resolution for all the MTMs prior to the June Executive Committee.

In order to provide the members of the EEAC ample time to review the Company's proposed Category One MTM, the Company respectfully requests that its proposal be included on the agenda for the June 6, 2018 EEAC Executive Committee agenda and the June 20, 2018 EEAC agenda. The Company looks forward to working with the EEAC regarding this Category One MTM in order to continue to provide high quality energy efficiency opportunities and services to its customers. Thank you for your attention to this filing.

Sincerely,



Danielle C. Winter, Esq.

cc: Alexander Pollard, DOER
Eric Belliveau, EEAC Consultant
Jeff Schlegel, EEAC Consultant

Mid-Term Modification Request for Liberty Utilities

May 16, 2018

Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities (“Liberty Utilities” or the “Company”) is committed to securing energy savings consistent with its portfolio level savings goals for the period of 2016 through 2018, as endorsed by the Energy Efficiency Advisory Council (“EEAC” or “Council”) and approved by the Department of Public Utilities (the “Department”), in a cost-effective manner. Liberty Utilities has experienced continued demand for its residential energy efficiency services. In order to continue offering its current level of service, the Company proposes to increase its budget for the Residential Whole House Program. The request for a budget increase is required in order for the Company to maintain its current Three-Year Plan program offerings and to continue to pursue all available, cost-effective energy efficiency in accordance with the Green Communities Act. The Company is requesting Council support for budget increases in its Residential Whole House program category as follows:

Residential Whole House

Program	Planned Budget	2016-2018 Projected (2016 Plan Year Report, 2017 Q4, and 2018 Projections)	Additional Budget Requested for Approval	Percentage Change from Plan
Residential Whole House	\$4,145,109	\$5,486,900	\$1,341,791	32%

1. Residential Whole House Program:

Within the Residential Whole House Program, the Company has determined that the Residential New Construction (“RNC”), Home Energy Services – Measures and Home Energy Services–RCS (“HES”), and the Residential Multi-Family retrofit initiatives require additional funds to enable the Company to meet demand and to ensure continued services for the remainder of 2018. The Residential Whole House Program has been extremely successful during this Three-Year Plan, and is proving to be on track to exceed the Company’s Three-Year Plan annual, lifetime and benefits goals.

The New Construction initiative was originally budgeted to have 30 new homes per year or 90 total homes over the 2016-2018 term. There were a total of 100 new homes constructed in 2016 and 2017 alone, with continued increases in the number of new homes expected to be completed in 2018. Based on current vendor projections, an additional 93 units may be completed in 2018. One project of 50 units, currently planned to complete in October, will have a significant impact on the initiative budget if completed on schedule. Continued increases in participation have caused the Company to expend 97 percent of the planned three-year budget for the RNC initiative by the end of 2017, and just over 112 percent of planned three-year budget through April of 2018.

Since the beginning of this three-year term, the Company has seen savings and costs for the HES program outpace the original 2016 and 2017 goals and budgets. The Company anticipates this trend to continue throughout the remainder of 2018. In 2016, 829 Home Energy Audits or “HEAs” were completed, while

in 2017 the number of HEAs increased to 877. The Company anticipates similar levels of HEAs will be completed in 2018. In 2016, 246 weatherization jobs were completed and in 2017, 264 weatherization jobs were completed, falling just short of the goal of 300 participants per year. However, the initiative did exceed the annual savings goals for the year by 79 percent in 2016 and by 35 percent in 2017, and the lifetime savings goals for the year by 84 percent in 2016 and by 27 percent in 2017. This indicates a deeper savings per customer than initially planned, and correspondingly a higher cost per weatherization job. In April 2018, the HES budget for the Measures and RCS portions was 101 percent expended compared to the planned three-year budget of \$3,445,304.

The Multi-Family Retrofit initiative has also exceeded the planned participation goals. The initiative was originally budgeted to have 25 participants per year or 75 total over the 2016-2018 term. There were a total of 75 participants in 2016, and 32 participants in 2017. By the end of 2017, the initiative had already exceeded the planned three-year budget of \$247,988. While participation in this program is sporadic and difficult to predict, the Company has relied on past participation trends to develop the requested additional funding which would cover approximately 27 participants for 2018. This represents a slight, yet reasonable, increase in the Company's goal of 25 participants.

In order to continue to achieve savings and offer these programs to customers, the Company requires additional funding. As a result of the reasons described above, the Company is proposing to add \$1,341,791 to the currently approved three-year budget for the Residential Whole House Program. These budget increases will allow the Company to achieve even greater residential savings. If approved, the additional funds will be used to cover customer incentives and associated administrative costs, with the majority of the increased funds being used for incentives. The additional budget will allow the Company to maintain the current trend and serve its customers through the remainder of 2018.

Liberty Utilities continues to strive to meet its three-year commitment for lifetime savings for all sectors. The Company does not propose any changes to the Department-approved performance incentive ("PI") model as a result of this proposed program budget increase, and will maintain the threshold, design, and exemplary levels of performance for the Savings and Value Mechanisms as approved in the updated PI model submitted to the Department in Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities, D.P.U. 15-163 (2016).¹ The Company intends to compare actual results for the programs to original Department-approved budgets as part of the Company's Plan Year and overall Term performance reporting.

The additional information summarized below is provided by Liberty Utilities for context and informational purposes only. Council action is requested solely on the modifications described above. The table below illustrates the Company's 2016-2018 anticipated adjustments for annual savings, lifetime savings, and expenses for each sector.

¹ The Company notes that the Department's Annual Energy Efficiency Report Orders, particularly the ruling on performance metrics, have impacted the incentive pool. The Company's requested mid-term modification does not impact the allocation of the performance incentive pool.

Additional Information for Informational Purposes Only

LIBERTY UTILITIES 2016-2018 PROPOSED ADJUSTMENTS & PROJECTIONS BY SECTOR

SECTOR	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (lifetime)			BUDGET		
	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal
RES	492,061	639,234	130%	9,771,659	12,602,348	129%	13,997,426	16,950,009	121%	5,913,065	7,155,870	121%
LI	101,414	95,503	94%	2,174,112	1,833,583	84%	3,814,455	6,044,715	158%	2,715,394	2,334,689	86%
C&I	449,385	492,633	110%	6,533,374	5,271,972	81%	7,885,451	7,622,592	97%	2,496,856	2,760,652	111%
TOTAL	1,042,860	1,227,370	118%	18,479,144	19,707,904	107%	25,697,332	30,617,316	119%	11,125,314	12,227,211	110%

LIBERTY UTILITIES 2016-2018 PROPOSED ADJUSTMENTS & PROJECTIONS BY PROGRAM

RESIDENTIAL PROGRAMS	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (lifetime)			BUDGET		
	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal	2016-2018 Approved	2016-2018 Proposed Adjustments/ Anticipated Performance	% of Goal
Residential Whole House	337,140	504,250	150%	7,090,034	10,259,328	145%	11,005,443	14,474,206	132%	4,145,109	5,486,900	132%
Residential Products	154,921	134,983	87%	2,681,625	2,343,020	87%	2,991,983	2,475,803	83%	1,563,050	1,500,528	96%
Residential Hard-to-Measure	-	-	-	-	-	-	-	-	-	204,906	168,442	82%
TOTAL	492,061	639,234	130%	9,771,659	12,602,348	129%	13,997,426	16,950,009	121%	5,913,065	7,155,870	121%