

**BEFORE THE
STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN: REVIEW OF RHODE ISLAND)
ENERGY'S ANNUAL ENERGY)
EFFICIENCY PLAN)
FOR 2023)**

DOCKET NO. 22-33-EE

JOINT PRE-FILED DIRECT TESTIMONY
OF
SAMUEL C. ROSS AND CRAIG K. JOHNSON

SUBMITTED ON BEHALF OF
THE RHODE ISLAND
ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

OCTOBER 26, 2022

1 **I. INTRODUCTION**

2

3 **SAMUEL C. ROSS**

4 **Q. Please state your name and business address.**

5 A. I am Samuel Ross. My business address is: Optimal Energy, 10600 Route 116,
6 Hinesburg, VT 05461.

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the Rhode Island Energy Efficiency and Resource
9 Management Council (EERMC).

10 **Q: Please summarize your work with the EERMC relevant to your role**
11 **providing testimony in this docket.**

12 A: I am a Senior Consultant at Optimal Energy, the prime contractor for the
13 EERMC's Consultant Team. I have been among the lead consultants on the
14 Consultant Team for the past five years, and I have represented the EERMC in
15 past dockets related to energy efficiency plans. I have worked in close
16 collaboration with the EERMC throughout the development of its proposed
17 budget for 2023.

18

19 **Q: What is the purpose of your Testimony in this proceeding?**

20 A: The purpose of my testimony is to describe the EERMC's process for finalizing
21 its 2022 budget following the PUC's rulings on Docket 5189 and to describe its
22 process for developing its proposed budget for 2023.

23 **CRAIG K. JOHNSON**

24 **Q. Please state your name and business address.**

25 A. I am Craig Johnson. My business address is: Optimal Energy, 10600 Route 116,
26 Hinesburg, VT 05461.

27 **Q. On whose behalf are you testifying?**

28 A. I am testifying on behalf of the Rhode Island EERMC.

1 **Q: Please summarize your work with the EERMC relevant to your role**
2 **providing testimony in this docket.**

3 A: I am a Consultant at Optimal Energy, the prime contractor for the EERMC's
4 Consultant Team. I have been a member of the Consultant Team since 2014, and I
5 have represented the EERMC in past dockets related to energy efficiency plans. I
6 have worked in close collaboration with the EERMC throughout the development
7 of its proposed budget for 2023.

8

9 **Q: What is the purpose of your Testimony in this proceeding?**

10 A: The purpose of my testimony is to describe the EERMC's process for finalizing
11 its 2022 budget following the PUC's rulings on Docket 5189 and to describe its
12 process for developing its proposed budget for 2023.

13

14 **II. EERMC BUDGET DEVELOPMENT**

15

16 **Q: Can you please provide a description of the Energy Efficiency and Resource**
17 **Management Council's (EERMC or "the Council") engagement in finalizing**
18 **its 2022 budget following the Public Utilities Commission's (PUC) rulings on**
19 **Docket 5189?**

20 A: The Council began work to finalize its 2022 budget immediately following the
21 rulings that were verbally issued at the PUC's Open Meetings held on January
22 25th and January 28th in Docket 5189. The Council's Consultant Team (C-Team)
23 prepared a presentation (Exhibit 1) and a memo (Exhibit 2) that highlighted
24 outcomes from the PUC's rulings. Among other items, the presentation and memo
25 included reference to the C-Team's revised scope of work (SOW) and budget
26 (Exhibit 3) that was updated to align with the PUC's approved budget allocation¹.
27 In the revised SOW, the C-Team proposed to reduce its budget to \$819,923. The
28 Council began discussion of the C-Team's revised SOW and budget at its

¹ See slide 12 in Exhibit 1, page 4 in Exhibit 2, and the budget table on page 14 of Exhibit 3

1 February meeting (Exhibit 4) but did not take a vote given that the Council did
2 not have a quorum².

3
4 The Council continued this discussion at its March meeting (Exhibit 5)³.
5 Following that discussion, the C-Team provided an updated SOW and budget
6 (Exhibit 7) for the Council to consider at its April meeting. In this version of the
7 SOW, the C-Team provided a revised work plan and proposed to reduce its
8 budget to \$659,529⁴. The Council then reviewed, discussed, and approved the C-
9 Team's revised SOW and budget at its April meeting (Exhibit 8)⁵. Following its
10 approval of the C-Team's SOW and budget, the Council moved on to its review
11 and discussion of the Council's 2022 budget (Exhibit 9). The Council approved
12 the 2022 budget presented in Exhibit 9 with two modifications which involved
13 allocating an additional \$20,000 to legal services and an additional \$2,000 to
14 annual reporting printing, both from the unallocated funds⁶. To ensure that
15 Council members have an up-to-date understanding of the current year's budget,
16 the Council's final approved budget for 2022 has been included, along with year-
17 to-date spending, as materials at each month's Council meeting since May 2022
18 (Exhibit 10)⁷.

19
20 Following the Council's final approved budget for 2022, in which it had estimated
21 a cost of \$22,500 for the 2022 Public Forum and Lecture Series, the Council
22 received a proposal from a qualified vendor that exceeded the estimated budget by
23 \$2,524.14. At its August meeting (Exhibit 11), the Council approved a
24 reallocation of \$2,524.14 of unallocated Public Education funds to the budget for

² See Sections 5b and 6a in Exhibit 4

³ See Sections 7a and 7c in Exhibit 5

⁴ See the budget table on page 11 of Exhibit 7

⁵ See Section 6a in Exhibit 8

⁶ See Section 6b in Exhibit 8

⁷ The Council had two meetings in September (9/22 and 9/29). Because the budget tracker was shared at the 9/22 meeting and no updates were made in the following week, the budget tracker was not included again at the 9/29 meeting.

1 the 2022 Public Forum and Lecture Series so that it could accommodate the
2 selected bidder's proposed budget⁸.

3
4 **Q: Can you please provide a description of the Council's process for developing**
5 **its 2023 budget?**

6 **A:** The Council began its process for developing its 2023 budget immediately
7 following the rulings that were verbally issued at the PUC's Open Meetings held
8 on January 25th and January 28th in Docket 5189. In preparing for the Council's
9 February meeting, the C-Team prepared a presentation (Exhibit 1) and a memo
10 (Exhibit 2) that highlighted outcomes from the PUC's rulings. Among other
11 items, the presentation and memo included recommendations for the Council to
12 consider in developing their 2023 budget. The first recommendation was a
13 proposal to develop an accelerated budget planning process to ensure that more
14 clarity could be offered during future energy efficiency plan dockets regarding
15 proposed EERMC budget allocations⁹. The second recommendation was for the
16 Council to commit to requesting no more funds than they anticipated would be
17 needed to support all reasonable Council responsibilities and activities in future
18 budgets¹⁰. These two recommendations represent the starting point for the
19 Council's consideration and development of its 2023 budget.

20
21 The Council continued its conversation regarding the 2023 budget at its March
22 meeting where it reviewed and discussed an initial proposal for the 2023 budget
23 planning timeline (Exhibit 6). Based on feedback provided at the March meeting¹¹
24 a revised 2023 budget planning timeline (Exhibit 12) was prepared for and
25 reviewed by the EERMC's Executive Committee at their April meeting (Exhibit
26 13)¹².

27

⁸ See Section 6b in Exhibit 11

⁹ See slide 16 in Exhibit 1 and page 5 in Exhibit 2

¹⁰ See slide 16 in Exhibit 1 and page 5 in Exhibit 2

¹¹ See Section 7c in Exhibit 5

¹² See Section 5b in Exhibit 13

1 With the 2023 budget planning timeline set, the Council began initial discussions
2 on setting a reasonable 2023 budget at its May meeting. The initial draft of the
3 2023 budget (Exhibit 14) used budget categories and amounts that were included
4 in the 2022 Council budget as a starting point. The Council also briefly discussed
5 potential new budget categories at this time (Exhibit 15)¹³. The Council continued
6 its discussion of the 2023 budget at its June meeting (Exhibit 16)¹⁴, where the C-
7 Team presented on budget considerations (Exhibit 17). These new or expanded
8 areas were compiled by the C-Team during Council meeting discussions and
9 included input provided to the C-Team by individual Council members. The
10 considerations were oversight of a third-party implementation request for
11 proposals (RFP), the incremental cost of consulting services in a three-year plan
12 year, enhanced public education, and a market-based solutions study.

13

14 Based on feedback received at the June Council meeting, the C-Team and the
15 Office of Energy Resources (OER) worked to prepare more detailed descriptions
16 and cost estimates for new or expanded budget areas for the Council's
17 consideration in setting their 2023 budget. At the Council's July meeting, the
18 Council reviewed an updated 2023 budget (Exhibit 18). During this meeting,
19 OER began with a presentation on the budget setting process (Exhibit 19) which
20 was followed by a discussion led by the C-Team on each of the proposed new or
21 expanded allocations. This discussion was guided by a memo that the C-Team
22 and the Council's legal counsel prepared (Exhibit 20), which included a detailed
23 description of what each allocation entailed, how costs were estimated, and a
24 summary of why each item was within the Council's statutory authority. The list
25 of potential allocations in the memo included a market-based solutions study, a
26 natural gas pruning study, an energy efficiency and climate public awareness
27 campaign, EERMC brand and communications development, support for a third-
28 party implementation request for information (RFI), and the incremental cost of
29 consulting services in a three-year plan year. Following discussion, the Council

¹³ See Section 6c in Exhibit 15

¹⁴ See Section 6c in Exhibit 16

1 decided it was reasonable to table the natural gas pruning study and the support
2 for a third-party implementation RFI for consideration as future budget items due,
3 respectively, to the initiation of the PUC Docket 22-01-NG, and the removal of
4 the proposed 2023 State of Rhode Island Budget allocation for third-party
5 implementation of energy efficiency programs from the final 2023 State Budget.
6 The Council then voted on a final 2023 budget that it felt was reasonable for OER
7 to submit to Rhode Island Energy to include its 2023 energy efficiency plan filing
8 (Exhibit 21)¹⁵.

9
10 The final approved Council budget – which reflects the Council’s vote at the July
11 Council meeting – is available for review in Exhibit 22.

12
13 **Q: Can you please explain how the Council budgeted for items which may span**
14 **calendar years in its 2023 proposed budget?**

15 **A:** The Council was unclear regarding the mechanism, if any, for ensuring
16 contractual obligations undertaken in one calendar year could be met if all or part
17 of the work was invoiced in the following calendar year. Due to the uncertainty
18 regarding how this year-to-year transition would be managed, the Council took
19 the approach that ensured it would be able to meet any contractual obligations in
20 2023 for work that was planned for but not yet underway in 2022. This resulted in
21 allocating the same dollar amount for 2023 as for 2022. The Council through its
22 legal counsel has worked with the PUC staff to better understand the process for
23 managing budget items which may span two calendar years.

24
25 **Q: What additional steps did the Council take in developing its proposed budget**
26 **for 2023?**

27 **A:** The Council received a guidance document from the PUC on October 18, 2022
28 that included requests for the Council to consider when developing its pre-file
29 testimony in support of its 2023 budget proposal. The following questions and

¹⁵ See section 6d in Exhibit 21

1 answers are provided in the order in which they were presented in the
2 aforementioned guidance document.

3

4 **Q: Can the EERMC please provide a table that includes budget allocations for**
5 **2022, year-to-date spend, year-end forecasted spend, variances between year-**
6 **end forecast and planned budget, and proposed budgets for 2023?**

7 **A:** Please refer to Exhibit 23.

8

9 **Q: Can the EERMC please describe any variances between year-end forecast**
10 **and planned budget for 2022 that are greater than plus or minus 10%.**

11 **A:** There are five items in year-end forecast of the 2022 budget that have variances of
12 greater than plus or minus 10% from the allocated amount. These are described
13 below.

- 14 1. Annual Report Printing & Distribution: This item had an allocated budget of
15 \$3,000. At the time of drafting this pre-file testimony the Council has spent
16 \$1,695 (56.5%) and does not anticipate any additional spending for this
17 budget item. As a result, the Council projects that this item will have a
18 variance of negative 43.5% compared to the 2022 budget.
- 19 2. Public Forum & Lecture Series (2022): This item had an allocated budget of
20 \$25,024.14. At the time of drafting this pre-file testimony the Council has
21 spent \$0. The Council has selected a vendor to conduct this work, however
22 contract finalization is taking longer than anticipated and the Council is
23 expecting this work to occur in early 2023 instead of late 2022 as had been the
24 case historically. As a result, the Council does not anticipate making any
25 payments for this work through the balance of 2022 which will result in a
26 variance of negative 100% compared to the 2022 budget. For this reason, the
27 Council has included a budget item of \$22,500 in its 2023 budget¹⁶.

¹⁶ Please note that the 2023 budget item reflects the original budgeted amount for 2022 (\$22,500), not the amount that is included in the 2022 budget (\$25,024.14). This is because the Council voted on its 2023 budget in July which occurred a month before the Council voted to move \$2,524.14 from the unallocated portion of the public education budget item to the public forum and lecture series for 2022. Please refer to the first question in this pre-file testimony for an explanation of the Council's decision to reallocate

- 1 3. Unallocated Public Education: The public education fund had a total budget of
2 \$100,000 for 2022, with \$27,475.86 unallocated at the time of drafting this
3 pre-file testimony. The Council does not anticipate any of this being allocated
4 during the remainder of the year. As a result, the Council projects that this
5 item will have a variance of negative 100% compared to the 2022 budget.
- 6 4. Potential Study Data Refresh: This item had an allocated budget of \$45,000
7 for 2022. At the time of drafting this pre-file testimony the Council has spent
8 \$0. The Council is currently in the process of reviewing responses to an RFP
9 from prospective vendors. At this time the Council does not anticipate making
10 any payments for this work through the balance of 2022 which will result in a
11 variance of negative 100% compared to the 2022 budget. For this reason, the
12 Council has included a budget item of \$45,000 in its 2023 budget.
- 13 5. General Unallocated: The Council's total budget was set at \$1,025,763 for
14 2022, \$141,984 of which was unallocated at the time of drafting this pre-file
15 testimony. The Council does not anticipate any of this being allocated during
16 the remainder of the year. As a result, the Council projects that this item will
17 have a variance of negative 100% compared to the 2022 budget.

18

19 **Q: Can the EERMC please describe any increases in the 2023 proposed budget**
20 **compared to the 2022 budget allocation?**

21 **A:** The Council's proposed budget for 2023 includes two items that result in an
22 increase in allocated funding compared to 2022. These are described below.

- 23 1. The Council proposes to increase the budget for consultant services by
24 \$57,496 from \$659,529 to \$717,025. Please refer to page 12 of Exhibit 20 for
25 more detail on the justification and estimate of cost increase.
- 26 2. The Council proposes to increase the budget for Energy Expo sponsorship
27 from \$0 to \$40,000. The Council had a budget of \$0 for sponsoring the 2022
28 Energy Expo because it had paid for a sponsorship in 2020 which was rolled
29 over and honored following the cancellation of the 2020 and 2021 Energy

\$2,524.14. Should the Council require additional budget beyond the \$22,500 included in the 2023 budget, it would return to the PUC to request additional funding.

1 Expo events due to COVID-19. The \$40,000 being proposed in the 2023
2 budget reflects the historical level at which the Council has sponsored this
3 event.

4
5 **Q: Can the EERMC please describe any decreases in the 2023 proposed budget**
6 **compared to the 2022 budget allocation?**

7 **A:** The Council's proposed budget for 2023 includes three items that result in a
8 decrease in allocated funding compared to 2022. These are described below.

- 9 1. The Council proposes to decrease the budget for the Public Forum and
10 Lecture Series (2022) by \$2,524.14 from \$25,024.14 to \$22,500. Please refer
11 to footnote 15 herein for more detail.
- 12 2. The Council proposes to decrease the unallocated portion of the public
13 education item from \$27,475.86 to \$0. This removal is the result of the
14 Council proposing a fully allocated budget.
- 15 3. The Council proposes to decrease the unallocated portion of the general
16 budget from \$141,984 to \$0. This removal is the result of the Council
17 proposing a fully allocated budget.

18
19 **Q: Can the EERMC please describe any new items contained in the 2023**
20 **proposed budget, including how the EERMC calculated the estimated**
21 **expense associated with each item?**

22 **A:** The Council's proposed budget for 2023 includes three new items. These items
23 include an energy efficiency and climate awareness campaign, a market-based
24 solutions study, and council branding and communications development.
25 Combined, these items account for \$135,000 in new proposed budget allocations.
26 Please refer to Exhibit 20 for more detail on what these items would entail, how
27 the Council estimated proposed costs, and the statutory authority for each
28 allocation.

29
30 **Q: Can the EERMC provide documentation or explanations regarding its**
31 **forecasted spend through year-end 2022?**

- 1 **A:** There are six items for which the Council has forecasted non-zero remaining
2 spend in 2022.
- 3 1. Consultant Services: Assumes that average monthly spend through September
4 will continue for the remaining three months of 2022.
- 5 2. Legal Counsel: Assumes a similar level of spending for the final three months
6 of 2022 as was billed to the Council for services rendered in the final three
7 months of 2021.
- 8 3. Council Travel and EERMC Councilor Education and Advancement:
9 Assumes the remaining budget will be utilized on a Council learning,
10 education and advancement discussion session which is scheduled for
11 November 28, 2022.
- 12 4. Farm Energy Fellow: Assumes that invoicing for the full amount will occur in
13 December as has historically been the case.
- 14 5. K-12 Energy Education (2022): The Council is in the process of finalizing a
15 contract with a selected vendor to conduct this work and currently expects for
16 that work to be completed by the end of the year, resulting in a forecast of
17 fully spending the allocated budget.
- 18 6. EERMC Website: Assumes that invoicing for the full amount will occur in Q4
19 as has historically been the case.

20

21 **Q:** **Please summarize the testimony you have provided.**

22 **A:** The purpose of our testimony was to describe the EERMC's process for finalizing
23 its 2022 budget following the PUC's rulings on Docket 5189 and to describe its
24 process for developing its proposed budget for 2023. This testimony also
25 describes the Council's approach to budgeting for items which may span calendar
26 years in its 2023 proposed budget. Our testimony concludes with responses to
27 specific prompts which were included in a guidance document provided by the
28 PUC.

29

30 **Q:** **Does this conclude your testimony regarding the EERMC's budget?**

31 **A:** It does.