

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

**IN: REVIEW OF RHODE ISLAND)
ENERGY'S ANNUAL ENERGY)
EFFICIENCY PLAN FOR 2025)**

DOCKET NO. 24-39-EE

**PRE-FILED DIRECT TESTIMONY
OF
CRAIG JOHNSON**

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

OCTOBER 31, 2024

1 **I. INTRODUCTION**

2

3 **CRAIG JOHNSON**

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

5 A. I am Craig Johnson. My business address is: Optimal Energy, an NV5 Company,
6 225 Dyer Street, 2nd Floor, Providence, RI 02903.

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, an NV5 Company, the prime
13 contractor for the EERMC's Consultant Team (C-Team). I have been a member
14 of the C-Team since 2014 and have been the project manager since June 2024. I
15 have represented the EERMC in past dockets related to energy efficiency plans. I
16 have worked in close collaboration with the EERMC throughout the development
17 of its proposed budget for 2025.

18

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

20 A: The purpose of my testimony is to describe actions taken by the EERMC
21 following the Commission's approval of a 2024 budget amount less than what the
22 Council had proposed, and to describe the process for developing its proposed
23 budget for 2025. The testimony provided herein is meant to be responsive to
24 Chapter 6.2.H.b of the LCP Standards which require that the Council "Provide
25 testimony, reasonable documentation, and justification for the budget level to
26 support a Commission allocation of the requested amount. The budget must
27 reflect reasonable costs, be reasonably needed to carry out its duties, and be
28 reasonably related to the expense types identified in the statute."

29 **II. 2024 EERMC BUDGET RECONCILIATION**

1 **Q: Can you please provide a description of the EERMC’s engagement in**
2 **reconciling its 2024 Budget following the Public Utilities Commission’s**
3 **(PUC) ruling on Docket 23-35-EE?**

4 **A:** In Docket 23-35-EE, the Commission approved a budget for the Council in the
5 amount of \$991,000, which was \$87,800 less than what the Council had proposed
6 for 2024. At its meeting on January 25, 2024, the Council discussed the potential
7 need to reconcile its proposed budget to ensure that it would not exceed the
8 amount approved by the Commission. The Chair and Vice Chair of the Council
9 recommended that rather than making adjustments to the budget, the Council
10 should monitor and assess the budget in the second and third quarters (Exhibit 1).¹
11

12 At the Council’s October 17, 2024 meeting, the Council revisited this topic to
13 determine if adjustments to its budget would be necessary. Following discussion,
14 the Council unanimously approved a motion to 1) remove the \$7,500 allocation
15 for supporting the 2024 Farm Energy Fellow, 2) remove the \$25,000 allocation
16 for K-12 Energy Education, and 3) add a line item in the amount of \$1,439.41 to
17 support payment of 2023 Public Forum and Lecture Series work that was invoiced
18 after the Council’s budget was closed for 2023. The net result of those motions
19 was a total Council budget of \$1,047,739.41. Because the Council’s year-end
20 forecast was not expected to exceed the Commission’s approved amount of
21 \$991,000, the Council elected to not make any further changes to its 2024
22 budget.²
23

24 **III. 2025 EERMC BUDGET DEVELOPMENT**

25 **Q: Can you please provide a description of the Council’s process for developing**
26 **its 2025 budget?**

27 **A:** The Council began its process for developing its 2025 budget at its April 18, 2024
28 Executive Committee and Council meetings. At those meetings, the Executive

¹ See Section 7a in Exhibit 1

² The Council’s meeting minutes reflecting this discussion were not yet available at the time of drafting this testimony.

1 Committee and Council received a presentation (Exhibit 2) with a brief overview
2 of the 2025 budget planning process and expected timeline. At the Executive
3 Committee meeting (Exhibit 3)³ there was some discussion about whether there
4 might be reduced budget for the public education work being implemented by the
5 University of Rhode Island (URI). At the Council meeting (Exhibit 4)⁴ there was
6 discussion around whether selection of a new vendor for legal services by the
7 Council would impact its budget.

8
9 At its May 16, 2024 Council Meeting, the Council received a presentation
10 (Exhibit 5) from the C-Team on considerations for its 2025 budget. The
11 presentation covered a refresher on the Council's budget planning timeline, a
12 review of the budget that the Council proposed for 2024⁵ as a starting point, and
13 some initial suggestions for the 2025 budget. At this stage, there were six (6)
14 potential changes to the proposed 2024 budget for the 2025 budget proposal.
15 These included (1) removal of \$7,500 for supporting the farm energy fellow due
16 to outside funding secured by the Office of Energy Resources (OER), (2) removal
17 of \$25,000 for K-12 Energy Education, (3) reduction of sponsorship support for
18 the Rhode Island Home Show Energy Expo from \$40,000 to \$20,000, (4)
19 reduction of funding for the Council's Energy Efficiency and Climate Awareness
20 Campaign (EE & Climate Awareness Campaign) from \$85,000 to \$75,000, (5)
21 additional budget to support an extension of the URI's work with the Council to
22 create a community of practice around housing and energy, and (6) potential for a
23 small increase needed to support the Council's website. There was little
24 discussion following the presentation and it was suggested that individual
25 Councilors meet with the C-Team if they had any questions or suggestions prior
26 to an update at the next Council meeting in June (Exhibit 6).⁶

27

³ See Section 6d in Exhibit 3

⁴ See Section 7b in Exhibit 4

⁵ This refers to the \$1,078,000 budget that the Council had proposed for 2024, not the \$991,000 budget that the Public Utilities Commission approved for the Council.

⁶ See Section 8a in Exhibit 6

1 At its June 20, 2024 meeting, the Council received an updated presentation from
2 the C-Team on considerations for its 2025 budget (Exhibit 6). The presentation
3 focused on comparison of 2025 budget categories and levels with those that were
4 proposed by the Council in 2024. As presented, the 2025 budget would (a)
5 maintain funding levels for Consultant Services, Legal Counsel, Annual Report
6 and Miscellaneous Printing and Distribution, Council Travel and Education and
7 Advancement, and Public Forum and Lecture Series; (b) remove funding for the
8 Farm Energy Fellow and K-12 Energy Education; (c) reduce funding for Energy
9 Expo Sponsorship and the EE & Climate Awareness Campaign, (d) add a new
10 budget item for URI's health equity zone community of practice proposal, and (e)
11 increase funding for the Council's website. Following the presentation, the
12 Council discussed (Exhibit 8)⁷ reducing its budget for Annual Report and
13 Miscellaneous Printing and Distribution. The Council also asked to see how its
14 budgets compared to actual spending for recent years.

15
16 The 2025 budget proposal was next reviewed and discussed at the July 18, 2024
17 Executive Committee and Council meetings. At these meetings, the Executive
18 Committee and the Council received an updated presentation on considerations
19 for its 2025 budget (Exhibit 9). The presentation included updates based on
20 feedback received at the Council's June 20, 2024 meeting, including reducing its
21 budget for Annual Report and Miscellaneous Printing and Distribution, increasing
22 budget for supporting the Council's website, and a summary table that compared
23 plan versus actual budgets for 2022 and 2023. The presentation also covered in
24 more detail activities that would be supported by URI's comprehensive proposal
25 (Exhibit 10) to support the Council's public education initiatives. Based on a
26 review and discussion of these materials at the Executive Committee (Exhibit
27 11)⁸, the Council elected its meeting (Exhibit 12)⁹, to postpone a vote on its 2025
28 budget proposal. This decision was made in part because the Council was

⁷ See Section 6c in Exhibit 8

⁸ See Section 6b in Exhibit 11

⁹ See Section 7b in Exhibit 12

1 expecting an updated proposal from URI for its activities that would impact that
2 portion of the budget proposal, and also because there was a request for the C-
3 Team to assemble a memorandum that provided a description, budget proposal,
4 and statutory authority for each item in the Councils budget.

5
6 At its August 15, 2024 meeting, the Council received an updated presentation
7 from the C-Team for its 2025 budget consideration (Exhibit 13) as well as the
8 Council Budget Allocation memorandum (Exhibit 14) that was requested by the
9 Council at its July 18, 2024 meeting. The presentation covered (a) updates to
10 URI's proposal (Exhibit 15) which reduced its budget from \$100,000 to \$91,250,
11 (b) a \$100,000 reduction for Consultant Services, and an overview of the potential
12 for additional budget that could be needed if the Council decides to sponsor a new
13 Market Potential Study (MPS). Following the presentation, the Council expressed
14 interest (Exhibit 16)¹⁰ in discussing the need for a new MPS at an upcoming
15 meeting. While the Council was scheduled to hold a vote on its 2025 budget
16 proposal at this meeting, it was unable to do so because it did not have a quorum
17 present.

18
19 The final step in the Council's process for establishing a proposed budget for
20 2025 occurred at its September 12, 2024 meeting. To help aid the Council's
21 decision, the C-Team prepared a final update to the presentation from the prior
22 month (Exhibit 17). The final update presented a 2025 budget proposal totaling
23 \$980,175, which is 9% lower than what the Council had originally proposed for
24 2024, and 1% lower than what the Commission approved for the Council's 2024
25 budget. Following the presentation, the Council unanimously voted (Exhibit 18)¹¹
26 to approve the budget and directed the C-Team to submit the budget to Rhode
27 Island Energy to file with the Public Utilities Commission (PUC) as part of their
28 2025 Annual Energy Efficiency Plan. The Council's C-Team submitted this
29 budget to Rhode Island Energy on September 15, 2024.

¹⁰ See Section 6a in Exhibit 16

¹¹ See Section 7a in Exhibit 18

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The Council’s 2025 budget proposal – which reflects the Council’s vote at the September 12, 2024 meeting – is available for review in Exhibit 19.¹²

Q: What additional steps did the Council take in developing its proposed budget for 2025?

A: The Council received a guidance document from the PUC on October 18, 2022 that included requests for the Council to consider when developing its pre-file testimony in support of its 2023 budget proposal. As it has done in years since, the Council considered this guidance document in describing the Council’s budget development process for 2025. The following questions and answers are provided in the order in which they were presented in the aforementioned guidance document.

Q: Can the EERMC please provide a table that includes budget allocations for 2024, year-to-date spend, year-end forecasted spend, variances between year-end forecast and planned budget, and proposed budgets for 2025?

A: Please refer to Exhibit 19. In considering variances between year-end forecast and planned budget, and proposed budgets for 2025 for individual line items, the Council is comparing the year-end forecasts for 2024 and proposed budgets for 2025 to the 2024 budget as currently approved by the Council. As noted earlier in this testimony, the sum of currently approved items in the Council’s budget exceed the Commission’s approved total of \$991,000.

Q: Can the EERMC please describe any variances between year-end forecast and planned budget for 2024 that are greater than plus or minus 10%.

¹² This may be reviewed alongside the aforementioned Exhibit 14, which for each category in the Council’s budget proposal, provides a full description of what each item is, how its costs were estimated, and why it is within the Council’s statutory authority.

1 **A:** There are five items in year-end forecast of the 2024 budget that have variances of
2 greater than plus or minus 10% from the allocated amount. These are described
3 below.

- 4 1. Consultant Services: This item had an allocated budget of \$817,025. Through
5 the end of September, the Council has been invoiced for a total amount of
6 \$508,984. At the time of drafting this testimony, the Council anticipates an
7 additional \$186,648 to be invoiced for the period of October through
8 December, which would bring the total for this item to \$695,632. As a result,
9 the Council projects that this item will have a variance of negative 15%
10 compared to the 2024 budget.
- 11 2. Legal Counsel: This item had an allocated budget of \$75,000. Through the
12 end of September, the Council has been invoiced for a total amount of
13 \$29,859. At the time of drafting this testimony, the Council anticipates an
14 additional \$25,000 to be invoiced for the period of October through
15 December, which would bring the total for this item to \$54,859. As a result,
16 the Council projects that this item will have a variance of negative 26.9%
17 compared to the 2024 budget.
- 18 3. Annual Report Printing & Distribution: This item had an allocated budget of
19 \$3,000.00. Through the end of September, the Council has not incurred any
20 invoices for this item. At the time of drafting this testimony, the Council
21 anticipates that it will spend approximately \$500. As a result, the Council
22 projects that this item will have a variance of negative 83% compared to the
23 2024 budget.
- 24 4. Council Travel & EERMC Councilor Education and Advancement: This item
25 had an allocated budget of \$900. Through the end of September, the Council
26 has been invoiced for a total amount of \$207.95. At the time of drafting this
27 testimony, the Council anticipates an additional \$207.95 to be invoiced for the
28 period of October through December, which would bring the total for this
29 item to \$416. As a result, the Council projects that this item will have a
30 variance of negative 54% compared to the 2024 budget.

1 5. EERMC Website: This item had an allocated budget of \$350. Through the end
2 of September, the Council has been invoiced for a total amount of \$121. At
3 the time of drafting this testimony, the Council anticipates an additional \$500
4 to be invoiced for the period of October through December, which would
5 bring the total for this item to \$621. As a result, the Council projects that this
6 item will have a variance of 77% compared to the 2024 budget.

7

8 **Q: Can the EERMC please describe any increases in the 2025 proposed budget**
9 **compared to the 2024 budget allocation?**

10 **A:** The Council’s proposed budget for 2025 includes one item that result in an
11 increase in allocated funding compared to 2024. The Council proposes to increase
12 the budget for maintaining its website by \$150 from \$350 to \$500. In 2024, the
13 Council completed a website redesign and migration to a new domain. The
14 additional allocation is for the cost of hosting two domains, which will ensure
15 redirect capability and backend access to the prior site in case issues arise in the
16 first year post-migration.

17

18 **Q: Can the EERMC please describe any decreases in the 2025 proposed budget**
19 **compared to the 2024 budget allocation?**

20 **A:** The Council’s proposed budget for 2025 includes six items that result in a
21 decrease in allocated funding compared to 2024. These are described below.

22 1. Consultant Services: The Council proposes to decrease the budget for
23 Consultant Services by \$100,000 from \$817,025 to \$717,025. The Council
24 approved a budget of \$817,025 for work in 2024, which represented a
25 \$100,000 increase over the Council’s approved budget for consultant services
26 in 2023. The primary driver of this increase was expected costs associated
27 with the consultant team’s support of OER’s procurement process for a new
28 program administrator. While this process is still ongoing, and some of these
29 costs have materialized, the Council’s C-Team does not expect that it will
30 need the same incremental budget to support any future work. Rather, the C-

- 1 Team expects that it would likely be able to support any additional work in
2 this area within its previously approved budget of \$717,025.
- 3 2. Annual Report Printing & Distribution: The Council proposes to decrease the
4 budget for Annual Report Printing and Distribution by \$2,500 from \$3,000 to
5 \$500. This is based on the Council's interest in shifting from printing full
6 copies of its Annual Report to printing Executive Summary level pamphlets.
- 7 3. Public Forum and Lecture Series: The Council proposes to decrease the
8 budget for Public Forum and Lecture Series by \$4,025 from \$25,025 to
9 \$21,000. This reduction is based on a proposal received from URI as part of
10 its extension proposal discussed earlier in this testimony.¹³
- 11 4. 2023 Public Forum and Lecture Series: The Council proposes to decrease the
12 budget for the 2023 Public Forum and Lecture Series from \$1,439.41 to \$0.
13 As noted earlier in this testimony, this line item was established at the
14 Council's October 17, 2023 meeting to support payment of 2023 Public
15 Forum and Lecture Series work that was invoiced after the Council's budget
16 was closed for 2023.
- 17 5. EE and Climate Awareness Campaign: The Council proposes to decrease the
18 budget for EE and Climate Awareness Campaign by \$10,000 from \$85,000 to
19 \$75,000. The reduction in budget for this item is a reflection of the slightly
20 lower level of effort on upfront strategy (e.g. market research, audience
21 identification, message development) for continuation of this work in 2025,
22 since that will have already been completed in 2024.
- 23 6. Energy Expo: The Council proposes to decrease the budget for Energy Expo
24 sponsorship by \$20,000 from \$40,000 to \$20,000. Through discussions held at
25 Council meetings throughout 2024, the Council made the decision to reduce
26 support.

27
28 **Q: Can the EERMC please describe any new items contained in the 2025**
29 **proposed budget, including how the EERMC calculated the estimated**
30 **expense associated with each item?**

¹³ See Exhibit 15.

1 **A:** The Council’s proposed budget for 2025 includes one new item with a budget of
2 \$70,250. This item is part of an expanded scope as part of an extension for URI’s
3 existing contract with the Council. The expanded scope would support a
4 “Community of Practice” (CoP) which would involve URI convening and
5 facilitating an “Efficient Housing for All” CoP, design and deploying educational
6 training tools informed by the CoP, develop and pilot an Energy Coach Program
7 targeting income eligible customers, and coordination with related efforts and
8 entities to maximize collective impact.¹⁴ The budget amount proposed is based on
9 a proposed scope received by URI.

10

11 **Q: Can the EERMC provide documentation or explanations regarding its**
12 **forecasted spend through year-end 2024?**

13 **A:** There are eight items for which the Council has forecasted non-zero remaining
14 spend in 2024.

- 15 1. Consultant Services: Assumes a similar level of spending for the final three
16 months of the year as was billed to the Council for services rendered during
17 that time period last year.
- 18 2. Legal Counsel: Projects expected spend for the final three months of the year
19 based on pending matters including but not limited to proceedings regarding
20 the 2025 Energy Efficiency Plan.
- 21 3. Annual Report Printing & Distribution: Assumes the Council will pay for the
22 printing of approximately 300 Executive Summary level pamphlets of its 2024
23 Annual Report before the end of the calendar year.
- 24 4. Council Travel and EERMC Councilor Education and Advancement:
25 Assumes that the Council will be invoiced the same amount in hosting fees for
26 its Fall Learning, Education, and Advancement Discussion (LEAD) Session
27 meeting (which was recently held on October 28, 2024) as it was for its
28 Spring LEAD meeting.

¹⁴ See Exhibits 14 and 15 for more detail.

- 1 5. Public Forum & Lecture Series: Assumes that invoicing for this work, which
2 is ongoing in October and November, will come through and be paid in Q4 at
3 the full budget amount.
- 4 6. 2023 Public Forum & Lecture Series: The Council has received an invoice for
5 the exact amount associated with this budget item (see earlier discussion in
6 this testimony about the creation of this line item) and expects that the
7 payment will be completed in Q4.
- 8 7. EE and Complete Awareness Campaign: Assumes that the full amount of the
9 contracted budget with its vendor to deliver these services will be invoiced in
10 Q4.
- 11 8. EERMC Website: Assumes that the Council will receive its annual invoice for
12 hosting its website in Q4 as has historically been the case.

13
14 **Q: Please summarize the testimony you have provided.**

15 A: The purpose of my testimony was to describe the actions taken by the EERMC
16 following the Commission's approval of a 2024 budget amount less than what the
17 Council had proposed, and to describe its process for developing its proposed
18 budget for 2025. My testimony concludes with responses to specific prompts
19 which were included in a guidance document provided by the PUC. The
20 testimony provided throughout is meant to be responsive to Chapter 6.2.H.b of the
21 LCP Standards which require that the Council "Provide testimony, reasonable
22 documentation, and justification for the budget level to support a Commission
23 allocation of the requested amount. The budget must reflect reasonable costs, be
24 reasonably needed to carry out its duties, and be reasonably related to the expense
25 types identified in the statute."
26

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

28 A: It does.