

APPENDIX 5b

Response Testimony of Paul A. Cillo; NHPIRG DE: 04-052

\$1 million/year in SBC funding for 10 years

- Reduced Rebates (10% less than CORE)
- with a Leveraging Guarantee Fund (2:1 in year #1, 4:1 thereafter)
- 8% Shareholder Incentive on Rebates and Guarantee Fund

	SBC Funds for Rebates	SBC Contribution to Guarantee Fund Net Incentive*	Guarantee Funds Freed for Re-use**	Leveraged Funds Used for Projects	Total Projects
Year 1	\$ 620,690	\$ 379,310	\$ -	\$ 758,620	\$ 1,379,310
Year 2	\$ 727,924	\$ 222,421	\$ -	\$ 889,683	\$ 1,617,607
Year 3	\$ 721,353	\$ 220,413	\$ -	\$ 881,652	\$ 1,603,005
Year 4	\$ 721,755	\$ 220,537	\$ -	\$ 882,147	\$ 1,603,902
Year 5	\$ 721,731	\$ 220,529	\$ -	\$ 882,114	\$ 1,603,845
Year 6	\$ 962,295	\$ (47,344)	\$ 341,379	\$ 1,176,141	\$ 2,138,436
Year 7	\$ 832,380	\$ 76,401	\$ 177,937	\$ 1,017,352	\$ 1,849,732
Year 8	\$ 839,209	\$ 80,094	\$ 176,330	\$ 1,025,699	\$ 1,864,908
Year 9	\$ 838,860	\$ 79,889	\$ 176,429	\$ 1,025,273	\$ 1,864,133
Year 10	\$ 838,877	\$ 79,900	\$ 176,423	\$ 1,025,293	\$ 1,864,170

10-year Project Investment	\$ 17,389,049
Receivables and fund balance net incentive	\$ 902,525
Program Set-up Costs (billing, MIS, staff training, market)	\$ (100,000)
Total Funds Available for Project Investment	\$ 18,191,574

* Shareholder incentive is 8% of rebates from previous year and of the amount of guarantee funds freed for reuse.

** Assumes 5-year payment term with 10% bad debt.

5% of bad debt is covered by the program charge and the remaining 5% is covered by the guarantee fund. Years 6-10 show re-use of guarantee funds once all project payments have been paid.