

1 would install. Is that fair?

2 MR. NEME: Heating and water heating equipment, both,  
3 yes.

4 MR. STEVENS: And that the proposition is the customer  
5 is unlikely to switch; while it is expensive, HVAC  
6 equipment is still running well, but, when the customer  
7 comes to a replacement decision, that is when they may  
8 determine that they would adopt electric heat. Do I have  
9 that right?

10 MR. NEME: Yes, I would say that they are more likely  
11 to switch at the time or close to the time that their  
12 heating system would need be replaced anyway. It's  
13 possible that they may want to switch earlier, depending on  
14 government policies that could arise or changes in fuel  
15 prices and so on, but it is more likely that it will be  
16 close to the time that they would otherwise replace their  
17 heating system.

18 MR. STEVENS: Right, and you have said in your report  
19 that the life of a new furnace is 18 years. That is at  
20 page 43. Do I have that right?

21 MR. NEME: That is the best estimate that is currently  
22 being used or has historically been used in your DSM  
23 programs.

24 MR. STEVENS: And furnaces can run longer than that.  
25 Right?

26 MR. NEME: Sure, and they can run shorter than that.  
27 That is an average.

28 MR. STEVENS: Right. And it is not case that -- we