

June 23, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

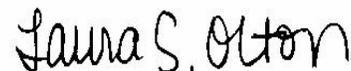
**RE: Docket 3701 - Rhode Island DSM Collaborative Report of Meeting Minutes
May 3 and May 18, 2006**

Dear Ms. Massaro:

On behalf of the Rhode Island DSM Collaborative, enclosed are ten (10) copies of a report of meeting minutes from the Collaborative's May 3 and May 18, 2006 meetings. Although is report is not required by the Settlement approved by the Commission in Docket 3701, the Collaborative is forwarding a copy of the meeting minutes as a means to keep the Commission informed of its ongoing actions during the course of the year. Please circulate this document to the Commissioners as well as other interested staff members. Please place a copy of this report in the official file for this docket.

Thank you for your attention to our report. If you have any questions concerning this matter, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3701 Service List
RI Collaborative Members

**RHODE ISLAND DSM COLLABORATIVE
MEETING MINUTES
MAY 3, 2006**

The third meeting in 2006 of the Rhode Island DSM Collaborative began at 9:35 am at the offices of National Grid in Providence, RI.

Attendance

| Non-Utility Parties | For National Grid |
|------------------------------------|-------------------|
| John Farley, TEC-RI | Tom Coughlin |
| Joe Lourenco, TEC-RI | Laura McNaughton |
| Bill Lueker, RIAG for the Division | Jeremy Newberger |
| Dave Stearns, Division | Carol White |
| Al Contente, Division | Bob O'Brien |
| Erich Stephens, PP&L | Laura Olton |
| Tim Woolf, for the Division | Kevin Rennick |
| Janice McClanaghan, RI SEO | |

I. Introduction

- A. Joe Lourenco was introduced. He is a facilities manager at Johnson & Wales University and will be attending meetings as a representative of TEC-RI.

II. First Quarter 2006 Status Report: Commercial and Industrial Programs

- A. A table showing program year-to-date achievements was distributed. *See Attachment 1.*
1. SBS is at about 27% of targeted savings and 30% of targeted savings.
 2. Large C&I programs are at about 32% spending, compared to last year at this time, when they were at about 15% spending.
 3. Large C&I metrics
 - a. High performance schools. No progress since April report.
 - b. SBS Comprehensiveness. Nine projects are in progress. Comprehensive installations are occurring in proportion to the small business population segments (greater than or less than 100 kW)
 - c. Benchmarking. No projects signed up, working with three customers. The Energy Efficiency Expo, which drew about 250 people from over 100 companies, provided some leads.
 4. Advanced Building Training will be June 13 at a location to be identified.

III. First Quarter 2006 Status Report: Residential Programs

- A. Laura distributed a program fact sheet (*see Attachment 2*) and the 2006 Appliance Wise Guide. (*The Appliance Wise Guide is available at http://www.nationalgridus.com/non_html/shared_energyeff.pdf*).

- B. Laura reported that interest in the EnergyWise program is high. She expressed concern about sufficient funding to meet demand during the year. Year to date spending for the education program is negative because some funds were misaccounted in 2005 but didn't hit until 2006.
- C. EnergyWise Targeting metric. Four customers in the target segment have been served, out of a target of 216. To meet the goal, the Company would have to target market to a segment. The Company suggests that this may not be prudent as long as there is a large backlog for the program in general.

IV. Funding for 2006

- A. Carol White distributed a Settlement Attachment 7 update to show projected sources of funding and what has changed since the Settlement. kWh sales projections are lower, but the fund balance is greater, leading to an overall increase in available spending of \$733,500.
- B. Carol distributed a preliminary Settlement Attachment 6 update to show the program level budget modifications being considered.
 - 1. Large C&I commitments are being reduced from \$5.7 million at year end to \$4.5 million (compared to \$3.8 million in the Settlement).
 - 2. Shift funds from Residential Lighting, education and Products to EnergyWise, adding about \$275,000. This will help serve increased demand in the program from both single family and multi-family customers.
 - a. Reduce lighting advertising by \$60,000 and incentives by \$100,000. The Company could spend the original budget, but will not sign as many negotiated cooperative promotions as originally planned.
 - b. Reduce education by eliminating funding for KnowHow advertising while maintaining the vocational school and NEED elements of the program. There still will be program-specific advertising and advertising by program partners.
 - c. ACTION ITEM: Laura M. to provide information to the Collaborative on KnowHow Campaign response
 - d. ACTION ITEM: Carol to send out information to the Collaborative on sources of unused funds.
 - 3. The Collaborative was in agreement with the general direction of the Company's proposal.
 - 4. The Collaborative agreed to a timetable for sending out a set of Settlement Attachment updates, to allow for review by the Collaborative in advance of the May 18th meeting.

V. EnergyWise Loan Program

- A. National Grid offers a loan program for non-electric measures installed through the EnergyWise Program. With an upfront payment, the Company effectively buys down the loan rate to the customer to 2%. With rising interest rates, this program is consuming a larger amount of the funding in EnergyWise: 24% of the YTD expenses have been for loan buydowns, serving 6% of the customers (and

contributing 0% of electric savings.) Loans for replacement windows are the most common type of loan; insulation projects are also supported.

B. The Collaborative discussed different options:

1. suspending the loan program
2. changing the buydown target
3. explore other funding options
4. changing program eligibility

C. ACTION ITEM: The Company will analyze options and report back to the Collaborative at the May 18th meeting.

D. ACTION ITEM: While Division or Commission approval is not needed for the changes being considered to the loans, the Company will keep the Commission informed of any programmatic changes.

VI. OTHER

A. ENERGY STAR in the News

1. A recent article about the ENERGY STAR label in the Wall Street Journal was circulated among the Collaborative members. The article criticized the program for mislabeling appliances and for being self-certifying. Responses were circulated to refute some of the article's claims.
2. The Collaborative and the programs continue to embrace the ENERGY STAR concept, and should continue to exercise careful consideration about which ENERGY STAR items to incent and in what way. For example, the programs do not offer incentives for ENERGY clothes dryers.

B. Technical Reference Manual

1. Tim Woolf noted that a movement is underway in Massachusetts to create a Technical Reference Manual for measures offered in the programs, and that it may make sense for a similar manual to be prepared for RI.
2. Carol White responded that the proposal in Massachusetts is limited to creating an Access database for jointly implemented residential programs, which is relatively easy to create or maintain.

3. ACTION ITEM: The Company will do in RI what it is doing in Massachusetts (late 2006 timeframe). Possible expansions of scope will be considered at a future time.

4. ACTION ITEM: The Company will send executive summaries of recent evaluation studies to Collaborative members.

C. Legislation

1. Legislation (HB 8025) was introduced that would, among other things, transfer administrative control of energy efficiency programs to a new agency. Carol reported that the Company will oppose the bill. The Company thinks it have performed very well in administering the programs and that no consumer benefits would result from transferring control to another entity. She

encouraged others to speak out to the extent they can in support of the Company's position.

- 2.
- VII. The meeting adjourned at 12:14 pm.

Minutes prepared by Jeremy Newberger

Leftover action item from 12/02/05 meeting

- Action Item: Michael to report what % of school new construction is influenced by Design 2000*plus*.

From 4/4/06 Meeting

From 4/4

- A. Action Item: The Company will send information on the total number of sites included in the Residential HVAC evaluation study and how many of these are in Rhode Island.

- B. Action Item: Tim Woolf suggested the Company develop a table showing the share of savings and the vintage of relevant process and impact evaluation studies for each program.

NATIONAL GRID

Table 1. Summary of 2006 Target and 1st Quarter Results

| Sector and Program | (1) Demand Reduction (Annual kW) | | | (5) Energy Savings (Annual MWh) | | | (9) Customer Participation | | | (12) Implementation Expenses (\$ 000) | | |
|--|----------------------------------|------------------|------------------|---------------------------------|------------------|------------------|----------------------------|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
| | Approved Target | (3) Year To Date | (4) Pct Achieved | Approved Target | (7) Year To Date | (8) Pct Achieved | Approved Target | (10) Year To Date | (11) Pct Achieved | Approved Budget | (14) Year To Date | (15) Pct Achieved |
| Large Commercial and Industrial | | | | | | | | | | | | |
| Design 2000plus | 1,695 | 259 | 15.3% | 4 | 1,088 | 27190.5% | 181 | 32 | 17.7% | \$2,729.2 | \$342.6 | 12.6% |
| Energy Initiative | 3,658 | 1,673 | 45.7% | 19,133 | 8,275 | 43.2% | 182 | 50 | 27.5% | 3,843.2 | 1,253.3 | 32.6% |
| SUBTOTAL | 5,352 | 1,932 | 36.1% | 19,137 | 9,362 | 48.9% | 363 | 82 | 22.6% | \$6,572.5 | \$1,595.9 | 24.3% |
| 0 | | | | | | | | | | | | |
| Small Commercial and Industrial | | | | | | | | | | | | |
| Small Business Services | 2,094 | 515 | 24.6% | 8,111 | 2,254 | 27.8% | 887 | 183 | 20.6% | \$3,551.7 | \$786.4 | 22.1% |
| SUBTOTAL | 2,094 | 515 | 24.6% | 0 | 2,254 | #DIV/0! | 887 | 183 | 20.6% | \$3,551.7 | \$786.4 | 22.1% |
| Residential | | | | | | | | | | | | |
| EnergyWise | 208 | 39 | 18.8% | 2,570 | 431 | 16.7% | 3,261 | 671 | 20.6% | 1,613.4 | \$356.4 | 22.1% |
| Single Family Low Income Services | 127 | 32 | 25.3% | 988 | 304 | 30.7% | 967 | 267 | 27.6% | 1,684.4 | 307.9 | 18.3% |
| ENERGY STAR @ Appliances | 362 | 36 | 9.9% | 924 | 257 | 27.8% | 5,800 | 997 | 17.2% | 385.2 | 88.8 | 23.0% |
| ENERGY STAR @ Heating Program | 0 | 0 | 0.0% | 10 | 3 | 29.6% | 480 | 142 | 29.6% | 109.8 | 30.3 | 27.6% |
| ENERGY STAR @ Central A/C Program | 96 | 13 | 13.5% | 54 | 6 | 11.6% | 400 | 15 | 3.8% | 175.1 | 13.2 | 7.6% |
| ENERGY STAR @ Lighting | 665 | 164 | 24.7% | 11,051 | 2,573 | 23.3% | 64,097 | 16,418 | 25.6% | 939.7 | 204.0 | 21.7% |
| ENERGY STAR @ Homes | 107 | 19 | n/a | 774 | 142 | n/a | 500 | 44 | n/a | 988.2 | 101.0 | 10.2% |
| Energy Efficiency Education Programs | n/a | n/a | #DIV/0! | n/a | n/a | #DIV/0! | n/a | n/a | #DIV/0! | 124.2 | (8.5) | -6.8% |
| SUBTOTAL | 1,564 | 303 | 19.4% | 16,370 | 3,716 | 22.7% | 75,505 | 18,554 | 24.6% | \$6,020.1 | \$1,093.1 | 18.2% |
| TOTAL | 9,010 | 2,750 | 30.5% | 35,507 | 15,332 | 43.2% | 76,755 | 18,819 | 24.5% | \$16,144.2 | \$3,475.5 | 21.5% |

NOTES

(1) Approved Target from 2006 Settlement, Attachment 10 page 2 of 3, Summer kW.

(4) Pct Achieved is Column (3)/ Column (1).

(5) Approved Target from 2006 Settlement, Attachment 10 page 2 of 3, Maximum Annual MWh Saved.

(8) Pct Achieved is Column (7)/ Column (5).

(9), (10) Customer Participation in 2006 defined as completed projects in Approved Target and Year To Date, except for C&I Year To Date participants, which are counted as unique customer participants.

(11) Pct Achieved is Column (10)/ Column (9).

(12) Approved Budget from 2006 Settlement, Attachment 10, page 1 of 3

For Design 2000plus and Energy Initiative this excludes estimated commitment budget of \$1,132,700 for Design 2000 plus and \$2,648,000 for Energy Initiative, respectively.

For Small Business Services, this is net of expected copayments of \$706,251.

(14) Year To Date Implementation Expenses are net of the following items:

Actual commitments made in 2005 for 2006.

Customer copayments

(15) Pct Achieved is Column (14)/ Column (12).

for our residential customers in Rhode Island

Energy Efficiency and Conservation Programs

ENERGYWISE

In Rhode Island, National Grid offers free home energy audits to all residential customers and apartment building owners. Rebates and low interest loans are available to help pay for improved insulation and the installation of ENERGY STAR lighting, refrigerators, and windows. The type of assistance varies depending on heating fuel and the number of dwelling units in the facility.

Call RISE Engineering at 1-888-633-7947.

ENERGY STAR® LIGHTING

Rebates from \$2 to \$15 are available at participating stores when you purchase ENERGY STAR lightbulbs and fixtures. A mail order catalog is also available to our residential customers. By installing ENERGY STAR lightbulbs and fixtures in your home, you can save energy, money, and help the environment.

Call 1-800-473-9150 for the mail order catalog. Call 1-800-491-1077 for the name of a store near your home or visit www.myenergystar.com.

ENERGY STAR® is a registered trademark.

ENERGY STAR® APPLIANCES

In Rhode Island, purchase a qualifying ENERGY STAR washer from a participating appliance dealer and receive a \$25 rebate check from National Grid. A \$20 rebate on qualifying ENERGY STAR room air conditioners is available for purchases made between March and July. Ask your appliance dealer for information or call 1-877-886-2539 or visit www.myenergystar.com.

ENERGY STAR® HOMES



An ENERGY STAR Home is a state-of-the-art home designed for energy efficiency and comfort. National Grid offers a variety of incentives and technical support to help you build your new home. ENERGY STAR Homes are nationally recognized for greater value, lower operating costs, increased durability, comfort, and safety.

Call 1-800-628-8413 or visit www.energystarhomes.com.

COOL SMART

Receive a rebate of \$300 on each installed qualifying ENERGY STAR central air conditioning or air source heat pump system with ratings of SEER 14, EER 11.5 and HSP 8.2. A quality installation verification service is also available.

Call 1-800-473-1105 or visit www.mycoolsmart.com.

APPLIANCE MANAGEMENT PROGRAM

Special services are available to low income customers to help lower electric and oil heating bills. For more information, contact the Rhode Island State Energy Office at 401-222-3370 or National Grid at 1-800-322-3223.

ENERGY STAR® HEATING SYSTEMS

In cooperation with the RI State Energy Office, National Grid may offer rebates on high efficiency heating systems.

The rebates are not always available and amounts may vary.

Call the RI SEO at 401-222-3370.

Learn more about these programs and get more energy saving tips at www.nationalgrid.com
Customer Service: 1-800-322-3223

nationalgrid

Services for our Residential Customers in Rhode Island

Power Outage Reporting

If you experience a power outage, you may report the outage by calling National Grid toll-free:

Power outage reporting:
1-800-909-1212

Customer Service:
1-800-322-3223



Automatic Reporting

If the outage is extensive and all of our Customer Service Representatives are busy when you call, your phone call will be answered by our automated Voice Response Unit (VRU). The VRU will instruct you to enter the phone number of the location that has a power outage. This information is sent immediately to our repair crews.

Your Phone Number is Key

Because the phone of the location is key to reporting the outage, please be certain that we have your current phone number and the correct address. We use your phone number to track to power outage locations and restore power.

To review and update your phone number, please visit us at www.nationalgrid.com.

Do Your Business with Us at www.nationalgrid.com



You'll find you can do business with us online. Among other things, you can schedule your move with us, log on to your account and view your energy usage and payment history, and update your phone number and mailing address. Learn about incentives for ENERGY STAR appliances, use our energy calculator, and find out about choosing an energy supplier.



Easy Ways to Pay Your Electric Bill

DirectPay: you can pay your electric bill automatically each month with this **free and easy** service. You can sign up online at www.nationalgrid.com or call us at 1-800-322-3223. Once you've enrolled, we will deduct your payment 13 days after your billing date. You will continue to receive your monthly bill and it will show the amount and date that your payment will be deducted from your checking account.

Budget Plan: if you like to keep a consistent household budget, enroll in this **free** program. Once you have a history of electricity usage with us, we can set up a Budget Plan that allows you to pay a fixed average amount each month. To enroll for this free program, see www.nationalgrid.com or call 1-800-322-3223.



National Grid Customer Service: We're here for you!

| | |
|-----------------|--|
| Call toll-free: | Customer Service 1-800-322-3223 Credit Department 1-866-395-0315 24-hour Outage/Emergency 1-800-909-1212 |
| E-mail: | customerservice@us.ngrid.com |
| Website: | www.nationalgrid.com |
| TTY/TDD Access: | 1-800-793-5046 |

This is an important notice. Please have it translated.

Este é um aviso importante. Queira mandá-lo traduzir.
Este es un aviso importante. Sírvase mandarlo traducir.

ĐÂY LÀ MỘT BẢN THÔNG CÁO QUAN TRỌNG
XIN VUI LÒNG CHO DỊCH LẠI THÔNG CÁO ẤY

**RHODE ISLAND DSM COLLABORATIVE
MEETING MINUTES
MAY 18, 2006**

The fourth meeting in 2006 of the Rhode Island DSM Collaborative began at 9:40 am at the offices of National Grid in Providence, RI.

Attendance

| Non-Utility Parties | For National Grid |
|---|---|
| John Farley, TEC-RI Dave Stearns, Division Al Contente, Division Erich Stephens, PP&L Tim Woolf, for the Division | Michael McAteer Jeremy Newberger Bob O'Brien Kevin Rennick |

I. 2005 Year End Report

- A. Jeremy reported that in the course of preparing 2006 True-up goals, two small errors were found in the 2005 Year End Report. He circulated a copy of a revised Table 1 from the year end report showing lower kWh savings for Low Income Services and higher kW savings for ENERGY STAR Products. These errors do not effect 2005 incentive calculation or the carryover to 2006. Nevertheless, the Company intends to refile the 2005 Year End Report before the True-up filing, in order to provide proper supporting documentation for the re-estimation of goals in the True-up filing.

II. 2006 True-Up

- A. True-up Documents
 - 1. The Company distributed a budget detail sheet with more detail to the budget shown in Attachment 6 page 1. Updated Attachments 6 through 10 were also distributed.
- B. The Collaborative reviewed the documents. A few modifications were identified in both the budget detail sheet (*see Attachment 1*) and the True-up attachments (*these were included in the May 31 filing*).
- C. Division Review
 - 1. Tim Woolf presented his preliminary analysis of the trends in cost of saved energy, savings per participant, and cost per participant for each program,
 - 2. A few items were highlighted for further investigation

| |
|---|
| 3. ACTION ITEM: The Collaborative agreed to a timetable for <ul style="list-style-type: none"> a. Company distribution of final documents, b. completion of review by Tim Woolf c. resolution of any final issues d. filing by May 31, as planned e. Filing of formal Division approval with True-up proposal. |
|---|

4. Future True-Ups

- a. Michael McAteer noted that the True-up is necessary because when the programs for the coming year are being planned, the Company has limited data on current year achievements and potential carryover funding to the next year. He raised the possibility that, if Settlement filing could be delayed from September to early November, the Company would have better information about these two uncertainties and perhaps remove the need for a True-up.

b. ACTION ITEM: The Collaborative agreed to discuss this idea further at the July meeting.

III. Performance Metric Update

- A. EnergyWise targeting. The Company raised the possibility that, given the high demand for EnergyWise in 2006, it might not be prudent to target the non-low income customers who have been shut-off for non-payment over the past three years. Targeting this market may have an indirect effect of closing off the program to the current backlog of customers. The Company will monitor the situation and continue to update the Collaborative.

B. ACTION ITEM: The Company will look at 2005 results and see if there was reduced shut-off activity among the 116 customers who were served under the 2005 performance metric (that also included former HEM customers).

IV. EnergyWise Loan Program

- A. The Company presented a number of options for changing the EnergyWise loan program element so that it did not consume so much of the program budget as interest rates rise and demand increases. *See Attachment 2.*
- B. The Collaborative endorsed "Recommendation #2" in which the maximum loan amount would be capped at \$5000, the interest rate would be brought down to a floor of 6% (as opposed to the current 2%) and windows and door projects would not be eligible for loans. This would allow the loan option to remain available open in some form. The Company is also investigating other financing options that may enable these restrictions to be relaxed in the future.

C. ACTION ITEM: While Division or Commission approval is not needed for the changes being considered to the loans, the Company will notify the Commission of this programmatic change.

V. Other

- A. Meeting Calendar
1. July 12, 9 am – 3 pm. This meeting needs to be rescheduled
 2. August 2, 9 am – 3 pm

VI. The meeting adjourned at 12:23 pm.

Minutes prepared by Jeremy Newberger

LEFTOVER ACTION ITEMS

From 12/02/05 meeting

Action Item: Michael to report what % of school new construction is influenced by Design 2000*plus*.

From 4/4/06 Meeting

Action Item: The Company will send information on the total number of sites included in the Residential HVAC evaluation study and how many of these are in Rhode Island.

Action Item: Tim Woolf suggested the Company develop a table showing the share of savings and the vintage of relevant process and impact evaluation studies for each program.

From 5/3 Meeting

ACTION ITEM: Laura M. to provide information to the Collaborative on KnowHow Campaign response

ACTION ITEM: The Company will do in RI what it is doing in Massachusetts (late 2006 timeframe) for the Technical Reference manual. Possible expansions of scope will be considered at a future time.

**Budget Detail for RI Collaborative
RI True-Up Filing Budget**

| Sector | Program | Activity (\$000)(1) | | | | | |
|--|---|---|----------------|----------------|--------------------|------------------------------|-------------------|
| | | Program Planning & Administration/Technical | | Marketing | Customer Incentive | Evaluation & Market Research | Grand Total(4) |
| | | Internal | External | | | | |
| A - Residential | ENERGY STAR Homes | \$36.1 | \$189.0 | \$30.0 | \$732.9 | \$0.0 | \$988.0 |
| | ENERGY STAR Air Conditioning | \$19.4 | \$5.0 | \$17.2 | \$133.3 | \$51.7 | \$226.5 |
| | ENERGY STAR Heating | \$6.3 | \$0.0 | \$2.0 | \$101.5 | \$0.0 | \$109.8 |
| | EnergyWise | \$94.7 | \$290.0 | \$0.0 | \$1,503.8 | \$33.0 | \$1,921.4 |
| | ENERGY STAR Lighting | \$35.1 | \$32.0 | \$64.8 | \$648.7 | \$0.0 | \$780.6 |
| | ENERGY STAR Appliances | \$22.5 | \$80.0 | \$85.7 | \$157.2 | \$0.0 | \$345.3 |
| | Single Family Low Income Services | \$65.7 | \$15.9 | \$0.0 | \$1,602.9 | \$0.0 | \$1,684.4 |
| | Residential Education Program | \$7.6 | \$21.0 | \$20.0 | \$0.0 | \$0.0 | \$48.6 |
| | Other Market Research and Evaluation | \$0.0 | \$0.0 | | | \$22,189 | \$22,189 |
| A - Residential Total | | \$287.3 | \$632.8 | \$219.6 | \$4,880.3 | \$106.9 | \$6,126.9 |
| B - Small Commercial & Industrial | Small Business Services | \$74.6 | \$218.6 | \$50.0 | \$3,915.8 | \$46.8 | \$4,305.8 |
| B - Small Commercial & Industrial Total | | \$74.6 | \$218.6 | \$50.0 | \$3,915.8 | \$46.8 | \$4,305.8 |
| C - Large Commercial & Industrial | Design 2000plus(2) | \$447.3 | \$95.0 | \$20.1 | \$4,065.6 | \$84.7 | \$4,712.7 |
| | Energy Initiative(3) | \$476.7 | \$0.0 | \$12.5 | \$5,975.7 | \$81.1 | \$6,546.1 |
| | Other Program Design, Evaluation and Planning | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$22.2 | \$22.2 |
| C - Large Commercial & Industrial Total | | \$924.1 | \$95.0 | \$32.6 | \$10,041.3 | \$188.0 | \$11,280.9 |
| Grand Total | | \$1,285.9 | \$946.4 | \$302.2 | \$18,837.5 | \$341.7 | \$21,713.7 |
| Percent | | 5.9% | 4.4% | 1.4% | 86.8% | 1.6% | 100.0% |
| Grand Total excluding commitments | | \$1,285.9 | \$946.4 | \$302.2 | \$14,316.0 | \$341.7 | \$17,192.2 |
| Percentage excluding commitments | | 7.5% | 5.5% | 1.8% | 83.3% | 2.0% | 100.0% |

Notes:

- (1) Each activity, except "Customer Incentive," includes both payroll costs and other expenses. A&G costs are associated with all Payroll expenses.
 PP&A - Internal includes Payroll and Employee Expenses
 PP&A - External includes Technical Assistance and External Administrative costs
 Marketing includes Advertising and associated Payroll
 Customer Incentive includes Customer Incentives and Direct Installation Costs
 Evaluation includes Contractor Expenses and Payroll
- (2) The Design 2000plus budget for Customer Incentive includes a commitments budget equal to \$1,899,100.
- (3) The Energy Initiative budget for Customer Incentive includes a commitments budget equal to \$2,622,400.
- (4) Excludes shareholder incentives.

EnergyWise Loan Program 2006

17-May-2006

National Grid is currently offering loans up to \$10,000. National Grid is paying down the interest to 2%. The subsidies in dollars below equal the amount paid to lender by National Grid to buy down the interest to the percentages at the maximum amounts shown below.

| | | 2006 Revised Budget | | | | \$ 1,888,400 | |
|--|---|--------------------------------|--|--|--|--|----------------------------------|
| | | Loan Subsidies Paid YTD | Loan Subsidies Committed Not Yet Paid | Projected Remaining 2006 NGrid Loan Subsidies | Projected Total Remaining 2006 NGrid Loan Subsidies | Total Estimated 2006 NGrid Loan Subsidies | % of Total Revised Budget |
| 2006 Loan Sidsidy Amounts If No Change In The Current Program | | \$ 95,100 | \$ 80,000 | \$ 344,235 | \$ 424,235 | \$ 519,335 | 27.5% |
| Recommendation 1 | Suspend Loans | \$ 95,100 | \$ 80,000 | \$ - | \$ 80,000 | \$ 175,100 | 9.3% |
| Recommendation 2 | Lower Maximum Loan Amount to \$5000, Adjust NGrid Buy Down Amount to 6% & Eliminate Windows/Doors | \$ 95,100 | \$ 80,000 | \$ 24,331 | \$ 104,331 | \$ 199,431 | 10.6% |
| Scenario 1 | Give Participants The Option To Choose Either Maximum Loan of \$5000 With Buy Down Rate to 2% or \$750 Incentive per Customer For Insulation Only | \$ 95,100 | \$ 80,000 | \$ 150,000 | \$ 230,000 | \$ 325,100 | 17.2% |
| Scenario 2 | Change Current Loan To Maximum Loan Amount of \$5000 And Buy Down Amount to 6% | \$ 95,100 | \$ 80,000 | \$ 187,163 | \$ 267,163 | \$ 362,263 | 19.2% |
| Scenario 3 | Adjust Buy Down Rate to 6% Keeping The Current Loan Maximum of \$10,000 | \$ 95,100 | \$ 80,000 | \$ 262,040 | \$ 342,040 | \$ 437,140 | 23.1% |

Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



Joanne M. Scanlon
National Grid

June 23, 2006
Date

Narragansett Electric Co. – 2006 Demand Side Management – Dkt. 3701
Service list as of 4/13/06

| Name/Address | E-mail Distribution List | Phone/FAX |
|--|--|------------------------------|
| Laura Olton, Esq. Amy Rabinowitz, Esq. 280 Melrose Street Providence RI 02907-1438 | Laura.olton@us.ngrid.com | 401-784-7667 |
| | Amy.rabinowitz@us.ngrid.com | 401-784-4321 |
| | Thomas.robinson@us.ngrid.com | |
| | David.jacobson@us.ngrid.com | |
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