

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

PASCOAG UTILITY DISTRICT :
DEMAND SIDE MANAGEMENT PROGRAMS : **DOCKET NO. 3888**
FOR 2008 :

ORDER

I. Introduction

On October 23, 2007 and pursuant to R.I.G.L. §39-2-1.2, Pascoag Utility District (“Pascoag” or “the Company”) filed its Demand Side Management (“DSM”) Programs for 2008 with the Public Utilities Commission (“Commission”). Pascoag proposed an overall budget of \$110,000, all of which would be generated through the legislatively mandated charge of \$0.002 per kWh¹, to be paid by all customers of the utility. The budget for 2007 is estimated to be approximately \$108,000. Any remaining funds from the 2007 programs will be carried over and incorporated into the 2008 budget as committed funds.² Although the law provides the funding for the programs, the Commission continues to have responsibility for reviewing the design and implementation of Pascoag’s DSM programs.³

II. Pascoag’s Filing

The Executive Summary and Program Details submitted by Pascoag as part of its filing indicate that due to their success, Pascoag’s 2008 DSM Programs will closely mirror the programs that it provided in 2007.⁴ As in past years, Pascoag will conduct

¹ R.I.G.L. §39-2-1.2(b) provides that “[e]ffective as of January 1, 2003, and for a period of ten (10) years thereafter, each electric distribution company shall include charges of 2.0 mills per kilowatt-hour delivered to fund demand side management programs....”

² Docket No. 3776, Order No. 19098.

³ R.I.G.L. §39-2-1.2.

⁴ A detailed summary with the 2007 approved budget and the proposed 2008 budget is attached hereto as Appendix A.

periodic reviews of the performance of the 2008 programs in order to ascertain whether to seek permission to reallocate funds among its programs if such reallocation is deemed necessary.⁵

A. Residential Programs

Pascoag proposed to continue all of its Residential Programs from 2006 as customer demand for the incentives offered by such programs continues to be very high. There are nine Residential Programs that Pascoag will continue to offer in 2007 with some minor modifications. The 2007 Programs, which include Residential Conservation Service, Home Energy Audits, Heating Equipment Replacement, EnergyStar Appliances, EnergyStar Lighting and Programmable Thermostats, Energy Efficient Doors and Windows, and Home Office Equipment/Home Electronics, New Construction Rebates and Central Air Conditioning will all be renewed. Additionally, Pascoag requested keeping a \$100 line item open as an incentive for conversion of an electric heating system in the event that the Company should have a request to convert from electric heat to another source. Pascoag proposed to add two additional programs to its Residential Programs, Energy Conservation Calendars and Change a Light Campaign.⁶

Pascoag's Residential Conservation Service is comprised of several programs conducted through the Company's partnership with Energy New England ("ENE"). ENE provides a toll-free energy hot line, energy referrals, conservation materials, assistance on rebates, and community and school outreach. The Company proposed that the budget for this partnership remain at \$1,800 for 2008.⁷ Pascoag proposed continuing the Home Energy Audits Program funding in the amount of \$2,000 which is \$2,000 less than the

⁵ Pascoag DSM Filing, October 23, 2007, Schedule B at 1-2.

⁶ Pascoag DSM Filing, October 23, 2007, Schedule B at 1-2; Schedule C at 1-7.

⁷ Pascoag DSM Filing, October 23, 2007, Schedule C at 1

funding level in 2007. As of the date of filing, Pascoag still had approximately \$2,600 remaining in this program. ENE committed to maintaining the price of home energy audits at \$175 through the end of calendar year 2008. Pascoag's proposal anticipates 10 audits at \$175 per audit and incentives totaling \$250. Last year, there were only a couple of customers that took advantage of the incentives.⁸

The Energy Star Appliance Rebate Program is identified by Pascoag as the most popular program of its 2007 programs. Because of the success of this program, which provides a \$100 incentive for customers purchasing an Energy Star compliant refrigerator, freezer or clothes washer or a \$50 incentive for the customer purchasing an Energy Star compliant dishwasher, air conditioner or dehumidifier, Pascoag proposed funding this program for 2008 at \$5,000 and adding ENERGY STAR qualified room air cleaners to the list of appliances eligible for the \$50 incentive.⁹ Pascoag proposed reducing from \$8,600 to \$5,000 the funding for the Energy Star Windows and Doors Program. The program provides a qualifying customer \$25 incentive per window for up to twenty (20) Energy Star compliant windows, and a \$50 incentive per door for up to two (2) Energy Star compliant doors. Pascoag will also inform its customers that they may qualify for a federal tax credit of up to \$500.¹⁰

Pascoag requested a decrease in funding for the Heating System Incentive Program from \$7,700 in 2007 to \$5,250. The incentive rebate is ten percent of the customer's total cost, including labor costs, with a cap of \$350 per customer. In 2007, Pascoag issued twenty-two (22) incentives for Energy Star compliant heating upgrades

⁸ Pascoag DSM Filing, October 23, 2007, Schedule A, Schedule C at 1-2, Schedule D.

⁹ Pascoag DSM Filing, October 23, 2007, Schedule B at 1; Schedule C at 2.

¹⁰ Pascoag DSM Filing, October 23, 2007, Schedule A, Schedule C at 2-3, Schedule D.

and depleted funding for this program.¹¹ The Energy Star Thermostats/Lighting Program provides a rebate for qualifying light fixtures and thermostats. Customers participating in this program receive a rebate of 50 percent with a cap of \$50 for Energy Star compliant light bulbs, fixtures and thermostats. Pascoag requested that it receive \$1,000 to fund this program.¹² The Home Office Equipment/Home Electronics Program which offers a rebate of 25 percent of the cost of Energy Star compliant equipment subject to a cap of \$50. In 2007, the approved funding for the program was \$1,000; Pascoag requested that this amount remain the same for 2008.¹³

In 2006, Pascoag is proposed two new residential programs for 2007: New Construction Rebate and Central Air Conditioners. The New Construction Rebate Program was extremely successful and Pascoag believed that it encourages energy efficiency and reduces demand from new housing developments. Pascoag requested a reduced line item of \$10,540 to fund this program, because at the time of the filing, it had a balance of \$16,435 remaining from the \$23,560 approved last year. The Central Air Conditioning Program proposed by the Company will provide a 10 percent rebate, not to exceed a total of \$200, to customers that purchase an Energy Star qualified central air conditioner with a SEER of 14 or greater or EER of 11.5. Last year, Pascoag gave one rebate of \$200 and is requesting that the program be funded in the amount of \$800 for 2008 which will allow it to give four rebates.¹⁴

In addition to the existing programs, Pascoag is proposing two new programs, Change A Light Campaign and Energy Conservation Calendars. The Change A Light

¹¹ *Id.* at 3.

¹² *Id.* at 4.

¹³ Pascoag DSM Filing, October 23, 2007, Schedule A, Schedule C at 4-5.

¹⁴ *Id.* at 5-6, Schedule D.

Campaign will invite at least five hundred electric customers to replace one light bulb with an ENERGY STAR qualified (CFL). Pascoag wants to provide a rebate of up to \$4.00 per customer on this lighting for total funding of the program to be \$2,000. The Energy Conservation Calendars will feature Pascoag's 2008 programs rebates and will educate customers on purchasing Energy Star complaint products. Pascoag is requesting \$3,100 for this program.¹⁵

B. Commercial and Industrial Programs

Pascoag proposed \$29,400 to be allocated to commercial and industrial programs. This amount will be spent on two existing programs and three new programs. Of the total amount proposed, Pascoag requested \$500 for Energy Star Office Equipment and Electronics Incentives and \$1,000 for Consultation Fees with RISE and National Grid, which was part of the Administrative sector last year. Pascoag's three new programs would provide \$6,850 for an air compressor at Lockheed Aluminum, \$20,000 for a retrofit lighting project at Northeast Race Cars and Parts that is expected to be completed in two stages over the course of 2008 and possibly extend into 2009 and \$1,050 for ENERGY Star Commercial Appliances. These new programs take the place of the Burrillville Library Project, the Pascoag Utility District Well Project, the Pascoag Fire District Hose 1 Project, the G S Incorporated Project and the Levy Rink Project which were all completed in 2007. In addition to the funds requested, Pascoag is asking that it be allowed to allocate any carry over funds from 2007 to provide for additional rebates to the Burrillville Library and the Levy Rink lighting projects in the event that they so qualify.¹⁶

¹⁵ Pascoag DSM Filing, October 23, 2007, Schedule C at 6-7.

¹⁶ Pascoag DSM Filing, October 23, 2007, Schedule A; Schedule B at 2-3, Schedule C at 7-9.

C. Administrative/Ad/Education

Pascoag requested approval of \$43,010 for Administrative/Ad/Education Programs. Administrative expenses pay for staff time, schools and seminars related to DSM and other DSM related activities necessary to implement the programs. Pascoag requested an increase in the funding for Administrative expenses from the \$11,000 amount approved in 2007 to \$20,000 for 2008. Pascoag explained this increase as necessary because of the salaries of the staff and increased time spent managing their successful programs. Pascoag requested a line item of \$1,510 to allow for flexibility to transfer funds from one program to another should high customer demand for a successful program warrant such a transfer.¹⁷

Because of the success of the pamphlet that Pascoag distributed last year with Soleil Communications to introduce available DSM Programs, Pascoag would like to create a brochure to highlight its 2008 programs. For this program, Pascoag requested \$7,500. Pascoag's partnership with Burrillville High School is in its seventh year. Pascoag requested \$8,000 for this program. Projects proposed to be accomplished are the creation of Do-It-Yourself Home Energy Audit kits by students to be given away as raffle prizes at the Family Fair and to customers with high energy use. Finally, Pascoag requested \$6,000 for funding for various community events that it continues to participate in throughout the year to promote its DSM programs.¹⁸

III. Pascoag's Addendum

¹⁷ Pascoag DSM Filing, October 23, 2007, Schedule A, Schedule B at 3-4, Schedule C at 9-10, Schedule D.

¹⁸ Pascoag DSM Filing, October 23, 2007, Schedule A, Schedule B at 4, Schedule C at 10-11.

On November 21, 2007, Pascoag filed Addendum I to Pascoag's proposed Demand Side Management Programs for 2008. The proposed revisions to the programs include an estimated carry over of \$6,000 increasing the 2008 DSM Budget from \$110,000 to \$116,000. In its Addendum, Pascoag made five changes to its original filing. In order to serve more customers, Pascoag proposed reducing incentive amounts for refrigerators, clothes washers, dishwashers, air conditioners and dehumidifiers. A change was also made to the Energy Star Windows and Door Program whereby the maximum number of windows and doors per customer was reduced resulting in lower total incentives in order to allow a greater number of participants.¹⁹

Pascoag also proposed replacing its previously proposed "Committed Funds" line item with a line item "Identified Future Lighting Projects." The future lighting projects identified are Brigido's IGA, Austin T. Levy Gym, Burrillville High School -Gym, Bliss Golf Investors and Jessie Smith Library. In addition to the "Identified Future Lighting Projects" line item, Pascoag proposed creating a line item called "Community Christmas LED Lighting." This would allow the two fire districts, Harrisville and Pascoag, to replace old Christmas lights with new energy efficient Christmas lighting and receive a rebate of up to \$500. The \$1,000 proposed for this line item would be taken from the "Funds for Follow-up to Successful Program" thereby reducing that line item from \$1510 to \$510.²⁰

IV. Division's Position

On December 11, 2007, Mr. David R. Stearns, a rate analyst for the Division of Public Utilities and Carriers ("Division"), filed a Memorandum with the Commission. He

¹⁹ Pascoag DSM Filing, Addendum I, November 21, 2007.

²⁰ *Id.*

noted that Pascoag's budget addendum filed on November 21, 2007 is intended to mitigate the effects of the \$36,000 reduction in funding from the previous year. Mr. Stearns recommended that the Commission approve Pascoag's 2008 DSM budget as filed.²¹

V. Commission Findings

The Commission recognizes Pascoag's continued efforts and diligence in designing and implementing its DSM programs and recognizes the Company's commitment to energy conservation. Pascoag's efforts to provide services in an efficient manner are evident by its thorough and complete review of existing programs and modifications to those programs to reflect customer need. The 2008 filing recognizes and mitigates the effects resulting from a reduction in funding from last year. The filing contains new ideas and adjustments to continuing programs that should spark new and continued ratepayer interest.

At an open meeting on December 20, 2007, the Commission voted unanimously to approve Pascoag's filing of its 2008 Demand Side Management programs and associated budget as filed on October 23, 2007 and amended on November 21, 2007, finding them to be in the best interest of Pascoag's ratepayers.

Accordingly, it is hereby

(19180) ORDERED:

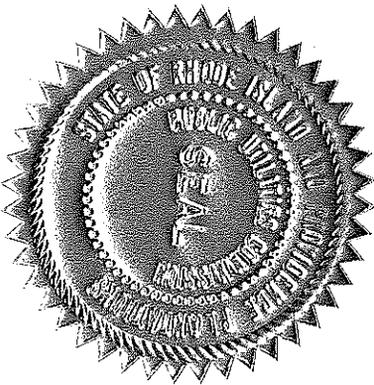
1. Pascoag Utility District's 2008 Demand Side Management Programs and associated budget are approved.
2. A factor of \$0.0023 per kilowatt-hour is hereby approved in accordance with R.I.G.L. §39-2-1.2, with \$0.002 to be applied to the Demand Side

²¹ Division of Public Utilities and Carriers Memorandum, December 11, 2007.

Management Programs approved herein, and \$0.0003 to be administered by the Rhode Island Office of Energy Resources for renewable energy programs.

3. Pascoag shall file with the Division of Public Utilities and Carriers any request to reallocate funds among programs up to 10% of the total budget, with a reference copy to the Commission. Requests to reallocate funds in excess of 10% of the total budget shall require Commission approval.
4. Pascoag shall make its 2009 DSM Filing no later than October 15, 2008.
5. Pascoag shall comply with all other findings and instructions as contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO OPEN MEETING DECISION ON DECEMBER 20, 2007. WRITTEN DECISION ISSUED JANUARY 17, 2008.



PUBLIC UTILITIES COMMISSION


Elia Germani, Chairman


Robert B. Holbrook, Commissioner


Mary E. Bray, Commissioner

Appendix A

<u>Residential Programs</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>Change</u>
	(\$)	(\$)	(2008 vs. 2007)	(2008 vs. 2007)
			(\$)	(%)
ENE Residential Conservation (ENE)	1,800	1,800	0	0.0%
Home Energy Audits with Incentives	2,000	4,000	(2,000)	-50.0%
Energy Star Appliance Rebates	5,000	12,250	(7,250)	-59.2%
Energy Efficient Windows / Doors	5,000	8,600	(3,600)	-41.9%
Heating System Incentive	5,250	7,700	(2,450)	-31.8%
Energy Star Thermostats / Lighting Fixtures	1,000	1,042	(42)	-4.0%
Home Office Equipment / Home Electronics	1,000	1,000	0	0.0%
Electric Heat Conversion	100	500	(400)	-80.0%
New Construction	10,540	23,560	(13,020)	-55.3%
Central Air Incentive	800	2,000	(1,200)	-60.0%
Change A Light Campaign	2,000		2,000	-
Conservation Calendars	3,100		3,100	-
Total Residential	<u>37,590</u>	<u>62,452</u>	<u>(24,862)</u>	<u>-39.8%</u>
 <u>Industrial / Commercial</u>				
Energy Star Office Equipment	500	1,000	(500)	-50.0%
Lockheed Aluminum Air Compressor	6,850		6,850	-
North East Race Cars & Parts	20,000		20,000	-
Consultation Fees	1,000	1,000	0	0.0%
Energy Star Commercial Appliances	1,050		1,050	-
Committed Funds	6,000		6,000	-
Community Christmas LED Lighting	1,000		1,000	-
Burrillville Community Library		20,000	(20,000)	-100.0%
Pascoag Well Project		10,500	(10,500)	-100.0%
G S Incorporated		6,138	(6,138)	-100.0%
Levy Ice Rink		12,000	(12,000)	-100.0%
Total Commercial / Industrial	<u>36,400</u>	<u>50,638</u>	<u>(14,238)</u>	<u>-28.1%</u>
 <u>Administrative / Advertising / Education</u>				
Administrative	20,000	11,000	9,000	81.8%
Funds for Follow-Up to Successful Programs	510		510	-
Education / Outreach	7,500	14,000	(6,500)	-46.4%
Burrillville High School Projects	8,000	6,600	1,400	21.2%
Community Projects	6,000	7,400	(1,400)	-18.9%
Total Admin. / Adv. / Education	<u>42,010</u>	<u>39,000</u>	<u>3,010</u>	<u>7.7%</u>
Total Budget	<u>116,000</u>	<u>152,090</u>	<u>(36,090)</u>	<u>-23.7%</u>