

Memorandum

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PUBLIC UTILITIES COMMISSION

To: L. Massaro

Commission Clerk

From: D. R. Stearns *DRA*

Rate Analyst, Division of Public Utilities & Carriers

Date: 12/07/2009

Re: Pascoag Utility District 2010 Demand Side Management Program:

RIPUC Docket 4130

On November 6, 2009 Pascoag Utility District ("Pascoag", or "Company") filed with the Commission a proposed Demand Side management (DSM) budget for calendar year 2010. Pascoag's proposed 2010 DSM budget totals \$105,500, a decrease of \$9,500 compared with the Company's approved 2009 budget of \$115,000.

The decrease results from two offsetting factors:

- DSM revenue based on the 2010 kWh sales forecast is \$104,500, a decrease of \$500 compared with the 2009 DSM revenue forecast of \$105,000), and;
- In the 2010 filing, Pascoag estimates there will be \$1,000 carried over from the 2009 DSM budget. Pascoag's approved 2009 budget included an anticipated \$10,000 carry-over of funds from the 2008 DSM budget. The Company requests authorization to allocate any funds carried over from 2009 to satisfy rebates related to 2009 programs for which funds have been depleted.

Pascoag will continue to work with Energy New England (ENE). ENE provides conservation services, energy audits, and reference materials to Pascoag customers. ENE also provides customers a toll free "energy hotline", and provides the Company with technical assistance.

The Company will also continue to work closely with Burrillville High School during 2010. This arrangement continues to be mutually beneficial.

Pascoag proposes to continue several 2009 DSM programs in 2010, monitoring all programs throughout the year and requesting authority to modify budget allocations if necessary, in an attempt to ensure adequate funding of successful programs.

Pascoag proposes continuation during 2010 of the ability to request reallocation of funds from poorly performing programs to high-demand, well-performing programs.

The Division recommends that, as in the past, if the amount of any one reallocation does not exceed 10% of the total DSM budget, reallocation would be subject to the review and authorization of the Division. Otherwise, Pascoag will request Commission authorization to re-allocate funds.

The Company's response to Division Data Request 1-3 indicates that although rebate requests received during 2009 and associated with programs the funds of which have been exhausted during 2009 would be honored, Pascoag plans to honor those requests at the approved 2010 rebate levels. The Division is of the opinion that such customer rebates should be awarded at the rebate level authorized by the Commission and offered to customers by Pascoag at the time of the rebate request, i.e., the 2009 level.

After reviewing the filing and the Company's responses to Division and Commission data requests, the Division recommends that the 2010 DSM budget proposed by Pascoag be approved, subject to inclusion of the reallocation authorization guidelines above, and that the Commission instruct Pascoag to honor rebate requests received during 2009 at 2009 rebate levels.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers