

Memorandum

RECEIVED
2010 DEC 10 AM 9:40
PUBLIC UTILITIES COMMISSION

To: L. Massaro

Commission Clerk

From: D. R. Stearns



Rate Analyst, Division of Public Utilities & Carriers

Date: 12/10/2010

Re: Pascoag Utility District 2011 Demand Side Management Program:

RIPUC Docket 4208

On November 3, 2010 Pascoag Utility District ("Pascoag", or "Company") filed with the Commission a proposed Demand Side Management (DSM) budget for calendar year 2011. Pascoag's proposed 2011 DSM budget totals \$121,000. This represents an increase of \$15,500 compared with the Company's approved 2010 budget of \$105,500, and includes an anticipated carry-over of \$17,000 from the Commission-approved 2010 budget.

The increase results from two offsetting factors:

- DSM revenue based on the 2011 kWh sales forecast is \$104,000, a decrease of \$500 compared with the 2010 DSM revenue forecast of \$104,500, and;
- As mentioned, in the 2011 filing Pascoag estimates there will be \$17,000 carried over from the 2010 DSM budget. Pascoag's approved 2010 budget included an anticipated \$1,000 carry-over of funds from the 2009 DSM budget (the actual amount carried over was \$7,193, bringing available funding in 2010 to \$111,692). The Company requests authorization to allocate some funds carried over from 2010 to satisfy rebates related to 2010 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 2011. This arrangement continues to be mutually beneficial.

Pascoag plans to continue several 2010 DSM programs in 2011, 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.

The Company proposes continuation during 2011 of the ability to request reallocation of funds from poorly performing programs to high-demand, well-performing programs.

The Company's response to Division Data Request 1-3 indicates that although some rebate requests received during 2010 and associated with programs the funds of which have been exhausted during 2010 would be honored, Pascoag plans to honor those requests at the approved 2011 rebate levels.

The Company's response to Division data request 1-2 indicates that outstanding 2010 rebate applications are expected to exceed \$10,000 by the end of 2010. Although it is anticipated that \$17,000 will be carried forward from the 2010 budget, Pascoag states that a maximum of \$10,000 of that total would be used to satisfy outstanding 2010 rebates, with the remainder used for the 2011 programs.

The Company's response to Data Request Div: 2-6 states, in part, that *"We do verbally tell each customer who turns in an application for a program with depleted funding that the funds have been depleted but we will try to reallocate funds to satisfy the qualified rebate, if there are funds in other programs that are not utilized"*.

There are thirty seasonal or "part-time" residential customers in Pascoag's service territory. Pascoag proposes to offer the DSM residential programs only to full-time residential customers, and deny participation to part-time residents. As the reason for this exclusion Pascoag states that, because the part-time customers do not contribute to the DSM fund the entire year, they should not be eligible to participate in the programs, and secondly, because full-time customers use more kWh annually than do part-time customers, full-time residents have the potential to save more energy by implementing DSM measures. The part-time customers, however, would continue to be charged the same SBC as all other customers, i.e., \$0.002 per kWh.

According to Pascoag's response to Division Data Request 2-1, during calendar years 2008, 2009 and thus far during 2010, none of these thirty part-time customers took advantage of any DSM program offers. The Company's response to Division Data Request 2-5 includes an attachment entitled "Pascoag Utility District Residential Incentives 2010". That document states, in part, "All rebates are subject to funds availability and **you must be a full time resident of the District**" (emphasis added). If this notation was also on 2008 and 2009 documents, that might explain the reason for the absence of part-time customer applications.

After reviewing the filing and the Company's responses to Division data requests, and discussions with a Pascoag representative, the Division recommends:

1. 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;
2. that the Commission instruct Pascoag to honor rebate requests received during 2010 at 2010 rebate levels to the extent that 2010 funds are available;

3. that Pascoag use as much of the carry-over from the 2010 budget as necessary to satisfy 2010 outstanding rebate requests prior to using those funds for 2011 programs;
4. that the Company allow all customers, part time as well as full time residents, to participate in the DSM programs, and remove from notices and forms any language to the contrary, and;
5. that the 2011 DSM budget proposed by Pascoag be approved, subject to inclusion of the recommendations mentioned in items 1 through 4.

Cc: Thomas Ahern,
Administrator, Division of Public Utilities and Carriers

Service List