

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

PASCOAG UTILITY DISTRICT :
DEMAND SIDE MANAGEMENT PROGRAMS : **DOCKET NO. 4208**
FOR 2011 :

ORDER

I. Introduction

On November 3, 2010 and pursuant to R.I.G.L. §39-2-1.2, Pascoag Utility District (“Pascoag” or “the Company”) filed its Demand Side Management (“DSM”) Program for 2011 with the Public Utilities Commission (“Commission”). Pascoag proposed an overall budget of \$121,000, 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 final budget for 2010 is estimated to be approximately \$104,500. Any remaining funds from the 2010 programs will be carried over and incorporated into the 2011 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 2011 DSM Programs will closely mirror the programs that it provided in 2010.⁴ 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 Pascoag DSM Filing, November 3, 2010.

³ R.I.G.L. §39-2-1.2.

⁴ Pascoag DSM Filing, November 3, 2010, Schedule B at 1.

periodic reviews of the performance of the 2011 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 limiting its residential programs to full time residential customers only explaining that consumption of the summer residents is limited to the summertime and that these customers do not contribute substantially to DSM funds. Allowing these customers to receive DSM funds diminishes the funds for use by Pascoag's full year customers. Pascoag proposed to continue all of its Residential Programs from 2010 as customer demand for the incentives offered by such programs continues to be very high. There are twelve Residential Programs that Pascoag will continue to offer in 2011 with some minor modifications. The 2011 Programs, which include ENE Residential Conservation Service, Home Energy Audits, EnergyStar Appliances, Energy Efficient Windows/Skylights and Doors, Heating System Incentive, Thermostats/Lighting Fixtures, Home Office Equipment/Home Electronics, Incentives for Electric Heat/Geothermal, New Construction Rebates, Central Air Conditioning, Change a Light Campaign and Energy Conservation Calendars will all be renewed.⁶

Energy New England ("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 be funded at \$2,400, or \$200 per month, for 2011.⁷ Pascoag also proposed continuing the Home Energy Audits Program funding in the amount of \$2,400. Pascoag's proposal anticipates

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*, Schedule A at 1.

10 audits at \$200 per audit and would allow for the additional \$400 to be used for audit recommendations that are not covered by the rebate programs.⁸

The Energy Star Appliance Rebate Program is identified by Pascoag as very popular among its programs, and Pascoag had to reallocate additional money in April to this program for a total budget of \$7283. These funds were depleted by May, 2010. Because of the success of this program, which provides a \$75 incentive for customers purchasing an Energy Star compliant refrigerator, freezer or clothes washer, a \$50 incentive for the customer purchasing an Energy Star compliant dishwasher or air purifier, a \$25 incentive for the customer purchasing an Energy Star air conditioner and a \$20 incentive for the customer purchasing an Energy Star dehumidifier, Pascoag proposed funding this program for 2011 at \$6,500. Pascoag proposed funding in the amount of \$6,000 for the Energy Star Windows and Doors Program noting that it still has funds remaining for this program from 2010. The program currently provides a qualifying customer a \$15 incentive per window for up to ten (10) Energy Star compliant windows, and a \$40 incentive per door for one (1) Energy Star compliant door, provided they have a U-value of .35 or lower. Pascoag would like to keep these rebate levels and noted that the federal tax credit of up to \$1500 if windows meet a maximum U-Factor of .30 is due to expire at the end of December 2010.⁹

Pascoag requested the same funding for the Heating System Incentive Program in the amount of \$6,000 for 2011. The incentive rebate is ten percent (10%) of the customer's total cost, including labor costs, with a cap of \$250 per customer. Although the federal tax credit will expire at the end of December, Pascoag noted that stimulus

⁸ *Id.*, Schedule A, Schedule C at 1-2, Schedule D.

⁹ *Id.*, Schedule C. The tax credit was increased from \$500 to \$1500 by the American Recovery and Reinvestment Act of 2009.

funds of up to 25% or \$2,250 are available until February 28, 2011. The Energy Star Thermostats/Lighting Program provides a rebate for qualifying light fixtures and thermostats. Customers participating in this program receive a rebate of fifty (50%) percent with a cap of \$50 for Energy Star compliant light bulbs, fixtures and thermostats. Pascoag proposed reducing the funding of this program to \$600 because last year it only processed eight rebates totaling \$200.¹⁰

Pascoag noted that there was increased activity to the Home Office Equipment/Home Electronics Program, which offers a rebate of twenty-five percent (25%) of the cost of Energy Star compliant equipment subject to a cap of \$50 again this year. In 2010, the approved funding for the program was \$2,400 and funds were depleted by July 2010. Pascoag requested that this amount be increased to \$3,000 and that the rebate percentage be reduced from 25% to 15% of the cost of the Energy Star compliant equipment. Pascoag also requested authority to retain a line item of \$100 for Electric Heat Conversion/Geothermal Systems in the event there is a request for this incentive.¹¹

In 2010, Pascoag processed four rebates in its New Construction Rebate Program and noted that growth in this area continues to be slow. Pascoag requested a reduced line item of \$2080 to fund this program which will include retaining the rebate amounts from 2010 with a cap of \$520 per unit or home in 2011. The proposed budget will allow for four rebates of \$520 per unit or home. The Central Air Conditioning Program proposed by the Company will provide a ten percent (10%) rebate, not to exceed a total of \$200, to customers that purchase an Energy Star qualified central air conditioner with a SEER of

¹⁰ *Id.*, Schedule C at 4.

¹¹ *Id.*, Schedule C at 4-6.

14 or greater or EER of 11.5. Last year, Pascoag depleted the funds in this account by May and still has six qualified customers awaiting rebates.¹²

The Change a Light Campaign has encouraged Americans to replace at least one light bulb with an ENERGY STAR qualified compact fluorescent lamps (CFLs). Pascoag wants to continue to provide a rebate of up to fifty percent (50%) to customers who replace their light bulbs with CFLs with a cap of \$50 per customer for total funding of the program to be \$500. Last year the Energy Conservation Calendars featured Pascoag's 2010 programs rebates and provided customers with information on purchasing Energy Star compliant products. Pascoag is proposing that it purchase a digest sized booklet style calendar which will include energy saving tips. The cost of these booklet calendars is significantly less than that of the previous calendars. Pascoag is requesting a decrease in this funding as the cost of 1,000 booklets is \$900 as opposed to the \$3,680 for the cost of 1000 calendars.¹³

B. Commercial and Industrial Programs

Pascoag proposed \$30,200 to be allocated to commercial and industrial 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. The Burrillville High School retrofit lighting project was completed in September of 2010 and qualified for a total rebate of \$7,203. Additionally, a \$525 rebate was given to GS Incorporated when it installed two wall mounted inverter heat pumps. Pascoag identified two possible C & I projects for 2011: the Austin T. Levy School and Valliere Realty LLC. For both of these projects, Pascoag has contacted RISE Engineering to

¹² *Id.*, Schedule C at 6-7.

¹³ *Id.*, Schedule C at 7-8.

schedule audits and has allocated a total of \$15,000 for the two rebate requests. A line item for Committed Funds in the amount of \$13,000 was also requested in order to accommodate unidentified and identified lighting projects. Even though no one took advantage of the ENERGY STAR Commercial Appliances rebates, Pascoag is hopeful that its commercial customers will take advantage of this program. Last year, Pascoag included a bill insert promoting this program and intends to meet with customers this year to make them aware of the rebate. Pascoag requested a budget of \$700.¹⁴

C. Administrative/Ad/Education

Pascoag requested approval of \$49,320 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 continuing the funding for Administrative expenses of \$20,000 for 2011. Pascoag requested a line item of \$1,660 to allow for flexibility to transfer funds from one program to another with Division approval, should high customer demand for a successful program warrant such a transfer.¹⁵

Pascoag worked with Soleil Communications to update its website allowing for customers to view the available DSM programs online and to download rebate forms. Pascoag also participated in the Annual Public Power Green Festival and Open House which was extremely successful and proposed focusing its efforts on this one event in the coming year as opposed to its limited participation in a number of community activities. Additionally, Pascoag intends to update its website and purchase newsletters to distribute to residential and small business customers that would offer energy saving information.

¹⁴ *Id.* Schedule C at 8-11.

¹⁵ *Id.*, Schedule C at 11-12.

For this program, Pascoag requested \$8,000. Pascoag will continue its relationship with Burrillville High School and requested \$6,300 to fund the projects undertaken by the students at the high school. The new project proposed by the video production students this year will be to create a film on the simple steps customers can take to conserve energy in their homes, while the engineering students will create plans for a LEED certified energy efficient home. Finally, Pascoag requested continuation of the \$8,000 funding for the Annual Public Power Green Festival which continues to grow and provides Pascoag with the opportunity to reach many of its customers. Pascoag will give away fulfillment materials, such as night lights, refrigerator thermostats, reusable bags labeled with a conservation message and energy conservation coloring books.¹⁶

Lastly, Pascoag proposed an energy management certificate program offered through the American Public Power Association Education Institute. This program would be designed for utility personnel who are interested in enhancing energy efficiency programs. The course, offered over a five day period, would require passing a written examination as well as preparing an energy efficiency program business plan. Additionally, in order to maintain certification, a participant would be required to complete twenty hours of continuing education every two years. For this program, Pascoag requested \$5,360.

III. Division's Position

On December 10, 2010, Mr. David R. Stearns, a rate analyst for the Division of Public Utilities and Carriers ("Division"), filed a Memorandum with the Commission. After reviewing the filing and Pascoag's responses to Division record requests, the Division recommended that the Commission approve Pascoag's 2011 DSM programs and

¹⁶ *Id.*, Schedule C at 12-13.

budget, as revised, and that Pascoag be instructed to honor rebate requests received during 2010 at the 2010 approved rebate level. Additionally, the Division requested that the Commission instruct Pascoag to use all excess 2010 funds to satisfy 2010 rebate requests prior to the use of 2011 funds. The Division also recommended that Commission authorization of reallocated amounts be required if the amount of reallocation will be greater than 10%. For those allocation requests that do not exceed 10%, the Division recommends that Division authorization be required. Another concern expressed by the Division regarded participation in DSM programs being limited to full time residents. The Division recommended that the programs also be extended to part time residents and any limiting reference mandating full time residency for eligibility in participation in Pascoag's printed material be removed.¹⁷

IV. Pascoag Response

On December 10, 2010, Pascoag filed an e-mail response to the Division's memorandum indicating that it had no objection to extending participation in its DSM programs to part time residents.

V. Hearing

On December 22, 2010, following public notice, the Commission conducted an evidentiary hearing at its offices at 89 Jefferson Boulevard, Warwick, Rhode Island. The following entered appearances:

FOR PASCOAG:	William Bernstein, Esq.
FOR DIVISION:	Jon Hagopian, Esq. Special Assistant Attorney General
FOR COMMISSION:	Patricia S. Lucarelli, Esq. Chief of Legal Services

¹⁷ Division Exhibit No. 1, Division of Public Utilities and Carriers Memorandum, December 10, 2010.

During the hearing, Harle Round testified on behalf of Pascoag and its various programs. When asked about the pending rebate requests, Ms. Round testified that they would be paid at the 2010 level. She also noted that rebates are currently paid as a credit on the customer's bill which usually occurs within two or three weeks. Ms. Round described the management certificate program as being with the American Power Association and having a continuing education requirement. Mr. Bernstein pointed out that the Division's two recommendations, that the 2010 rebates be refunded at the amount in effect at the time of the rebate applications and that part-time customers be allowed to participate in the DSM programs, were acceptable to Pascoag. Additionally, Ms. Round noted that Pascoag anticipated more than enough carry over funds to satisfy the 2010 rebate requests.¹⁸

Commission Findings

Immediately following the evidentiary hearing, the Commission unanimously approved Pascoag's 2011 DSM Plan and associated budget. The Commission recognizes Pascoag's continued efforts and diligence in designing and implementing its DSM programs and 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. Pascoag has continuously demonstrated that it does whatever is necessary to accommodate and assist its ratepayers. This is evident by its attempt to satisfy all 2010 rebate requests. The 2011 filing contains new ideas and adjustments to continuing programs that should generate new and continued ratepayer interest. As in the past, the

¹⁸ Transcript of Hearing, December 22, 2010.

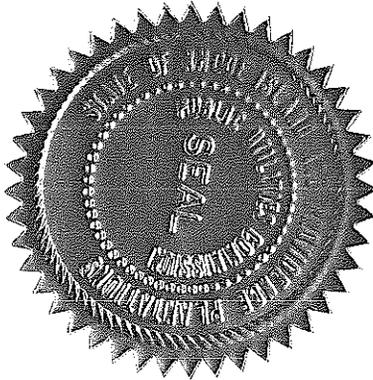
Commission will continue to allow Pascoag the flexibility to reallocate up to ten percent of the funding associated with a certain program subject to Division authorization and reallocation of any amount in excess of ten percent will continue to require Commission approval. Additionally, the Commission will allow Pascoag to satisfy outstanding 2010 rebate commitments at a 2010 amount with carry over balances that will be used to pay the rebate at the prior designated amount. Finally, Pascoag shall extend participation in its DSM programs to all customers including part-time customers.

Accordingly, it is hereby

(20269) ORDERED:

1. Pascoag Utility District's 2011 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 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 2012 DSM Filing no later than November 1, 2011.
5. Pascoag shall comply with all other findings and instructions as contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2011
PURSUANT TO OPEN MEETING DECISION ON DECEMBER 22, 2010. WRITTEN
DECISION ISSUED JANUARY 28, 2011.



PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Mary E. Bray, Commissioner

Paul J. Roberti, Commissioner