

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

IN RE: PASCOAG UTILITY DISTRICT :
DEMAND SIDE MANAGEMENT PROGRAMS : **DOCKET NO. 4297**
FOR 2012 :

REPORT AND ORDER

I. Introduction

On November 4, 2011 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 2012 with the Public Utilities Commission (“Commission”). Pascoag proposed an overall budget of \$118,000, 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 2011 is estimated to be approximately \$104,000 in sales. Any remaining funds from the 2011 programs will be carried over and incorporated into the 2012 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 2012 DSM Programs will closely mirror the programs that it provided in 2011.⁴ This year, Pascoag is proposing to

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 4, 2011.

³ R.I.G.L. §39-2-1.2.

⁴ Pascoag DSM Filing, November 4, 2011, Schedule B at 1.

introduce three new programs in the residential category: a refrigerator buy-back program, an EnergyStar Hot Water incentive program and a Smart Strip incentive. As in past years, Pascoag will conduct periodic reviews of the performance of the 2012 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 2011 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 2012 with some minor modifications in addition to the three new programs identified above. The 2012 Residential Programs include ENE Residential Conservation Service, Home Energy Audits, EnergyStar Appliances, Energy Efficient Windows/Skylights and Doors, Heating System Incentive, EnergyStar Qualified Water Heaters, EnergyStar Thermostats/Lighting Fixtures, Home Office Equipment/Home Electronics, Incentives for Electric Heat/Geothermal, New Construction Rebates, Central Air Conditioning, Change a Light Campaign, Energy Conservation Calendars, and Smart Power Strips.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 2012. Pascoag also proposed increasing the Home Energy Audits Program funding by \$100 to \$2,500. Pascoag’s proposal anticipates continuation of the 10 audits at \$200 per audit and would allow for an additional \$500, as

⁵ *Id.*

⁶ *Id.* at 1-4, Schedule A.

opposed to last year's \$400, to be used for audit recommendations that are not covered by the rebate programs.⁷

The Energy Star Appliance Rebate Program is identified by Pascoag as very popular among its programs, and Pascoag had to reallocate additional money in October, 2011 as these funds were depleted by August, 2011. Because of the success of this program, which provides a 10% rebate of up to a \$75 incentive for customers purchasing an Energy Star compliant refrigerator, freezer or clothes washer, up to a \$50 incentive for the customer purchasing an Energy Star compliant dishwasher or air purifier, up to a \$25 incentive for the customer purchasing an Energy Star air conditioner and up to a \$20 incentive for the customer purchasing an Energy Star dehumidifier, Pascoag proposed funding this program for 2012 at \$10,000. As a new program, Pascoag proposed a Refrigerator Buy-Back Program with a \$1000 budget so it can offer a \$50 incentive to customers that sell back to Pascoag their old inefficient refrigerators. Pascoag proposed reducing the funding from \$6,000 to \$3000 for the Energy Star Windows and Doors Program noting that activity in this program decreased in 2011. 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.⁸

Pascoag requested that the funding for the Heating System Incentive Program be reduced to \$4000 for 2012 due to decreased activity in 2011. The incentive rebate of ten percent (10%) of the customer's total cost, including labor costs, with a cap of \$250 per customer will remain the same. Noting that energy efficient water heaters can use less

⁷ *Id.* at 2, Schedule A, Schedule C at 1-2, Schedule D.

⁸ *Id.*, Schedule A, Schedule C at 2-4.

than ten to fifty percent of the energy that a standard water heater uses and save customers as much as \$100 per year in energy costs, Pascoag proposed a five percent rebate with a cap of \$100 and a budget of \$1000 for customers who purchase energy efficient water heaters. Because the Energy Star Thermostats/Lighting Program budget was depleted by July 2011 and Pascoag reallocated funds to this program in July, 2011, Pascoag proposed increasing this budget to \$1000 and to extend the rebate opportunities to Energy Star ceiling fans/light combination units and ventilation fans in addition to 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.⁹

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. Pascoag requested that the current funding of \$3000 be increased to \$3500 and that the rebate percentage continue to be 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.¹⁰

In 2011, Pascoag processed three rebates in its New Construction Rebate Program and noted that this program encourages contractors to install energy efficient equipment. Pascoag requested the same level of funding of \$2080 for this program which will include retaining the rebate amounts from 2011 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

⁹ *Id.*, Schedule A, Schedule C at 4-6.

¹⁰ *Id.* at 2-3., Schedule A, Schedule C at 6-8.

Central Air Conditioning Program proposed by the Company will provide a ten percent (10%) rebate, not to exceed a total of \$200, and a budget of \$1000 to customers that purchase an Energy Star qualified central air conditioner with a SEER of 14 or greater or EER of 11.5.¹¹

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 Pascoag purchased a digest sized booklet style calendar that included energy saving tips. Because of the small size of these booklets, they were not as popular as the Energy Conservation Calendars that Pascoag distributed to its customers in past years. Pascoag proposed to increase this line item from \$900 to \$3815 so it can purchase the Energy Conservation Calendars and customize these calendars to highlight the DSM programs that Pascoag offers.¹²

Pascoag also proposed a new program offering rebates to customers who purchase “Smart” Power Strips. It noted that the “Smart” Power Strip shuts down peripheral devices such as printers, scanners, cable boxes, etc., when a main device such as a computer or television is shut off. Pascoag noted that this would save a customer as much as seventy-two percent of energy that a system uses. A rebate of 25% with a maximum of \$25 is proposed for this program with a budget of \$500. In addition to the programs described above, Pascoag proposed allocating \$5750 to a line item for committed funds for 2011 rebates to satisfy requests for programs where the funds have

¹¹ *Id* at 3. ,Schedule A, Schedule C at 8-9.

¹²*Id.*, Schedule A, Schedule C at 9-10.

been depleted. In the event there are more funds than requests, Pascoag proposed to move the excess funds into the Follow-up to Successful Programs account and then proceed through the reallocation process.¹³

B. Commercial and Industrial Programs

Pascoag proposed \$22,175 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. Three lighting projects were completed in 2011, the Berean Baptist Church Project that qualified for a \$1556.50 rebate, the St. Joseph Church Lighting Project that qualified for a \$295.25 rebate and the Valliere Realty LLC Project that qualified for a \$900 rebate. For 2012, Pascoag identified two possible C & I projects: The Brothers of Sacred Heart and Country Farms. Pascoag requested allocating \$5000 and \$4975 for each of these projects, respectively. A line item for Committed Funds in the amount of \$10,000 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. Many customers with small offices expressed to Pascoag a need for smaller residential appliances for the community or employee room. Pascoag requested a budget of \$700.¹⁴

C. Administrative/Ad/Education

Pascoag requested approval of \$53,680 for Administrative/Ad/Education Programs. Administrative expenses pay for staff time, schools and seminars related to

¹³ *Id.* at 3-4, Schedule A, Schedule C at 10.

¹⁴ *Id.* 4-5. Schedule A, Schedule C at 11-14.

DSM and other DSM related activities necessary to implement the programs. Pascoag requested increasing the funding for Administrative expenses to \$20,500 for 2012. Pascoag requested a line item of \$1,180 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 requested continuation of funding for its Community Outreach and Education Programs for a budget of \$14,000. It noted that it worked with Soleil Communications to update its website and rebate forms. Additionally, it wants to continue to advertise in the Bargain Buyer, utilize bill inserts, purchase energy efficient material to educate its customers like booklets on energy efficiency and other energy conservation materials. Pascoag also participated in the 5th Annual Public Power Green Festival and Open House which was extremely successful and proposed increasing the funding for this event, which it touted as beneficial to educating its customers, to \$9000. Pascoag proposed continuing its relationship with Burrillville High School but requested that the funding be reduced to \$3500 noting that the project submitted was unacceptable. It is hopeful that another teacher will step forward and submit a project.¹⁶

Lastly, Pascoag described the success of its participation in the Energy Management Certificate Program offered through the American Public Power Association Education Institute. This program was designed for utility personnel who are interested in enhancing energy efficiency programs. It requested continued funding in the amount of \$4,500 of this line item to be able to participate in additional educational conferences. Lastly, Pascoag proposed a new program titled Program Research and

¹⁵ *Id.* at 5, Schedule A, Schedule C at 15.

¹⁶ *Id.* at 5-6, Schedule A, Schedule C at 15-17.

Development which is designed to research a Street Light incentive program. Pascoag requested \$1000 for this program.¹⁷

III. Pascoag's Supplemental Filing

On December 12, 2011, Pascoag filed revised plan with updated Carry Over and Sales Figures. The increase of \$16,659 was allotted to the Administrative/Ad/Education portion of Pascoag's DSM proposal. Of the \$16,659, \$2000 is allocated to Funds for Follow-up Successful Programs and the remaining amount is allocated to a proposed pilot program for LED Street Lights. Pascoag represented that it is in the process of researching the LED Street Light technology and that the average LED street light costs between \$600 and \$900. It committed to consult with the Division prior to moving forward with this program.

IV. Division's Position

On December 14, 2011, 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 2012 DSM programs and budget, as revised, and with the inclusion of the guidelines previously established for reallocation of funds from poorly performing programs to programs that are well performing. Specifically, the Division 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. The Division also noted that Pascoag intends to

¹⁷ *Id.* at 6-7, Schedule A, Schedule C at 17-18.

honor all rebate applications submitted by the end of 2011 using a portion of the 2011 carryover to satisfy these requests.¹⁸

V. Hearing

On December 20, 2011, 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

During the hearing, Harle Round testified on behalf of Pascoag and its various programs. Ms. Round opined that the 28,000 over-collection was in part due to the economy. She also noted that the number of individuals applying for rebates has decreased. She identified three projects, Dalius Realty, Berean Baptist Church and St. Joseph's Church, that commenced in response to recommendations resulting from audits that were conducted. Because the Austin T. Levy elementary school project did not move forward, Ms. Round testified that the \$10,000 set aside for that rebate was made part of the 2012 budget, a portion of which Pascoag is requesting to use for a lighting pilot program. Regarding Pascoag's partnership with Burrillville High School, Ms. Round indicated that discussions are occurring with a teacher to continue this program. She stated that Pascoag would like to keep money in the account for that program in the event that a new teacher takes over the program. She also explained that Pascoag discontinued the rebate for natural gas water heaters as converting to a natural gas water

¹⁸ Division Exhibit No. 1, Division of Public Utilities and Carriers Memorandum, December 12, 2011.

heater is not economical for its customers as the area uses propane as opposed to natural gas. Ms. Round also discussed her desire to continue education through the American Public Power Association.¹⁹

Commission Findings

Immediately following the evidentiary hearing, the Commission unanimously approved Pascoag's 2012 DSM Plan, associated budget and reallocation guidelines. 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. The 2012 filing contains new ideas and adjustments to continuing programs that should generate new and continued ratepayer interest. As in the past, the 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.

Accordingly, it is hereby

(20638) ORDERED:

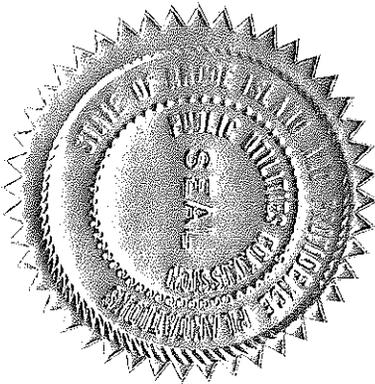
1. Pascoag Utility District's 2012 Demand Side Management Programs and associated budget are approved.
2. A factor of \$0.0023 per kilowatt-hour is hereby approved in accordance with R.I.G.L. §39-2-1.2, with \$0.002 to be applied to the Demand Side

¹⁹ Transcript of Hearing, December 20, 2011 at 4-14.

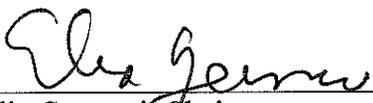
Management Programs approved herein, and \$0.0003 to be administered by the Rhode Island Office of Energy Resources for renewable energy programs.

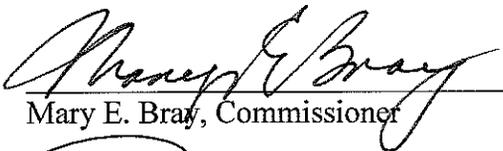
3. Pascoag shall file with the Division of Public Utilities and Carriers any request to reallocate funds among programs up to 10% of the total budget, with a reference copy to the Commission. Requests to reallocate funds in excess of 10% of the total budget shall require Commission approval.
4. Pascoag shall make its 2013 DSM Filing no later than November 1, 2012.
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, 2012
PURSUANT TO BENCH DECISION ON DECEMBER 20, 2011. WRITTEN
DECISION ISSUED JANUARY 3, 2012.



PUBLIC UTILITIES COMMISSION


Elia Germani, Chairman


Mary E. Bray, Commissioner


Paul J. Roberti, Commissioner