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PUBLIC UTILITIES COMMISSION

Memorandum

To: L. Massaro

Commission Clerk

From: D. R. Stearns *D.R.S.*

Rate Analyst, Division of Public Utilities & Carriers

Date: 11/29/2012

Re: Pascoag Utility District 2013 Demand Side Management Program:

RIPUC Docket 4368

On November 8, 2012 Pascoag Utility District ("Pascoag", or "Company") filed with the Commission a proposed Demand Side Management (DSM) budget for calendar year 2013. Pascoag's proposed 2013 DSM budget totals \$115,080. This represents a decrease of \$31,813 compared with the Company's approved 2012 budget of \$146,893. The reasons for the decreased budget are: fewer kWh sales due to the anticipated loss of Pascoag's largest industrial customer, and a smaller expected carry-over of funds from the 2012 budget than was carried over from the 2011 programs to the 2012 budget. Pascoag states that the Company prefers to retain the current 2 mills per kWh charge and reduce the funding for several line items rather than increase the S.B.C. charge, especially in the current economic climate.

DSM revenue based on the 2013 kWh sales forecast of 45,931,672 kWh and Pascoag's 2-mill per kWh System Benefit Charge is rounded to \$92,000; the carry-over of DSM funds from the 2012 budget is anticipated to be \$23,080, \$17,813 less than the actual carry-over from 2011 of \$40,893 that was included in 2012's budget.

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.

Pascoag plans to continue several 2012 DSM programs in 2013, 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.

During 2013 Pascoag intends to honor 2012 rebate applications outstanding as of the end of that year at 2012 rebate levels, reserving \$1,000 of the 2012 carry-over of funds for that purpose. If the

available \$1,000 exceeds the rebate requests, the Company proposes to petition the Division to reallocate the remaining funds.

The Company proposes continuation during 2012 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.

After review of the filing and engaging in a conversation with the Company, the Division recommends that the 2013 DSM budget proposed by Pascoag be approved, subject to inclusion of the reallocation authorization guidelines above.

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

Service List