

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

PASCOAG UTILITY DISTRICT :
DEMAND SIDE MANAGEMENT PROGRAMS : **DOCKET NO. 4368**
FOR 2013 :

REPORT AND ORDER

I. Introduction

On November 8, 2012 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 2013 with the Public Utilities Commission (“Commission”). Pascoag proposed an overall budget of \$115,080, 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 2012 is estimated to be approximately \$106,000 in sales. Any remaining funds from the 2012 programs will be carried over and incorporated into the 2013 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 indicates that Pascoag’s 2013 DSM Programs will mirror the programs that it provided in 2012. As in past years, Pascoag will conduct periodic reviews of the

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 8, 2012.

³ R.I.G.L. §39-2-1.2.

performance of the 2013 programs in order to ascertain whether to seek permission to reallocate funds among its programs if such reallocation is deemed necessary.⁴

Residential Programs

Pascoag proposed to continue all of its fifteen Residential Programs from 2012 with some adjustments to address program activity over the past year and reflect a lower budget based on the loss of a large industrial customer. The 2013 Residential Programs include ENE Residential Conservation Service, Home Energy Audits, EnergyStar Appliances, Refrigerator/Freezer Buyback, 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.⁵

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 continue to be funded at \$2,400, or \$200 per month, for 2013. Pascoag also proposed increasing the Home Energy Audits Program funding to \$3,550. Pascoag’s proposal anticipates continuation of the 10 audits at \$215 per audit and would allow for a \$100 incentive for each audit to be used for audit recommendations that are not covered by the rebate programs. Additionally, the Company proposed supplying five CFL’s and a smart power strip to each household being audited.⁶

⁴ Pascoag DSM Filing, Schedule B, November 8, 2012.

⁵ *Id.* at 1-4, Schedule A.

⁶ *Id.* at 2, Schedule A, Schedule C at 1-2D.

The Energy Star Appliance Rebate Program is identified by Pascoag as very popular among its programs. 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 2013 at \$8,000. Pascoag proposed a budget of \$748 for its Refrigerator Buy-Back Program and to increase the amount of the incentive by \$18 for a total of \$68 to cover the cost associated with curbside removal. This will allow for the Company to provide incentives to eleven of its customers. Again, as in the previous two years, Pascoag noted a decrease in the activity of its Energy Star Windows and Doors Program and proposed a total budget of \$2500. 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.⁷

Even though Pascoag saw a decrease in the activity of its Heating System Incentive Program, it requested that the funding for this program remain the same as last year at \$3000. 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 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 included Energy Star qualified Heat Pump Water Heaters and Energy Star Solar

⁷ *Id.*, Schedule A, Schedule C at 2-4.

Water Heaters as eligible for rebates in this program noting that these hybrid water heaters are becoming more popular as the price of oil continues to increase. The Company proposed a ten percent rebate with a cap of \$100 and a budget of \$800 for customers who purchase energy efficient water heaters. Pascoag proposed maintaining the same \$1000 amount budgeted in 2012 for its the Energy Star Thermostats/Lighting Program for 2013 but to eliminate providing a rebate for seven day programmable 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.⁸

Pascoag's Home Office Equipment/Home Electronics Program offers a rebate of fifteen percent (15%) of the cost of Energy Star compliant equipment subject to a cap of \$50. Pascoag requested that the current funding of \$3500 be reduced to \$2500 and that the rebate percentage continue to be 15% of the cost of the Energy Star compliant equipment. The Company also requested authority to retain a line item of \$100 for Electric Heat Conversion/Geothermal Systems because of the potential savings in the event there is a request for this incentive.⁹

In 2012, Pascoag processed two 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 2012 with a cap of \$520 per unit or home in 2013. 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, and a budget of \$1200 to customers that

⁸ *Id.*, Schedule A, Schedule C at 4-6.

⁹ *Id.* at 2-3., Schedule A, Schedule C at 6-7.

purchase an Energy Star qualified central air conditioner with a SEER of 14 or greater or EER of 11.5.¹⁰

The Change a Light Campaign has encouraged Americans to replace at least one light bulb with an ENERGY STAR qualified compact fluorescent lamps (CFLs), LED or holiday LED string light. Pascoag wants to continue to provide a rebate of up to fifty percent (50%) to customers who replace their light bulbs with LEC and CFLs with a cap of \$50 per customer for total funding of the program to be \$500. Last year Pascoag purchased 1000 energy conservation calendars that included energy saving tips. Pascoag proposed decreasing this line item from \$3,815 to \$2,133 so it can purchase five hundred energy conservation calendars and customize these calendars to highlight the DSM programs that Pascoag offers.¹¹

Pascoag will continue 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. Customers can save approximately \$30 per year by using smart strips. 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 \$1,000 to a line item for Committed Funds for 2012 rebates to satisfy requests for 2012 programs where the funds have been depleted.¹²

A. Commercial and Industrial Programs

Pascoag proposed \$27,200 to be allocated to commercial and industrial programs. Of the total amount proposed, Pascoag requested \$500 for Energy Star Office Equipment

¹⁰ *Id* at 3. ,Schedule A, Schedule C at 8.

¹¹ *Id.*, Schedule A, Schedule C at 9.

¹² *Id.* at 3-4, Schedule A, Schedule C at 10.

and Electronics Incentives and \$1,000 for Consultation Fees with RISE and National Grid. Two lighting projects were completed in 2012, the Brothers of the Sacred Heart which qualified for a \$23,997 rebate on a retrofit lighting project and the Hopkins Brothers which qualified for a \$883.45 rebate for a combination retrofit lighting and new lighting project. For 2013, Pascoag identified one possible C & I project at the Burrillville Schools. Pascoag requested allocating \$15,000 to this project which will implement a number of energy saving and lighting projects identified by RISE Engineering. 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. This program includes rebates to businesses under the same criteria as the residential appliances program. Last year, Pascoag represented that a number of customers inquired about these types of appliances for use in break/lunch rooms.¹³ Pascoag requested a budget of \$700.¹⁴

C. Administrative/Ad/Education

Pascoag requested approval of \$56,169 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 increasing the funding for Administrative expenses to \$20,500 for 2013. Pascoag requested a line item of \$1,869 to allow for flexibility to transfer funds from one

¹³ Docket No. 4297, Pascoag Exhibit 1, Schedule B at 5.

¹⁴ Pascoag DSM Filing, Schedule B, November 8, 2012 at 5. Schedule A, Schedule C at 11-13.

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 \$8,200. It noted that it worked with Soleil Communications to update its website and rebate forms and the positive result it has observed and evidenced by the number of rebate forms it receives that have been downloaded from the internet. Additionally, it wants to continue to advertise in the Bargain Buyer, utilize bill inserts, and purchase energy efficient material to educate its customers like booklets on energy efficiency and other energy conservation materials. In particular, the Company is utilizing Facebook as a vehicle to inform customers and their friends of energy saving tips. Pascoag proposed continuing its relationship with Burrillville High School and indicated that it will partner with the school's Environmental Study program's energy efficiency module. It requested funding of \$6,000.¹⁶

Pascoag also hosted the 6th Annual Public Power Green Festival and Open House which was extremely successful and which it touted as beneficial to educating its customers. It requested a line item of \$9,600 for Community Events such as the Festival. The Company noted it is considering conducting Energy Efficiency Seminars and leading demonstrations for school children on energy efficiency. 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

¹⁵ *Id.* at 5, Schedule A, Schedule C at 13-14.

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

requested continued funding in the amount of \$4,500 of this line item to be able to participate in additional educational conferences. Additionally, Pascoag requested continuation of its Program Research and Development which is designed to research a Street Light incentive program and began last year. Pascoag requested \$500 for this program. Lastly, the Company requested \$5000 to be set aside for a future Public LED Street Light Incentive.¹⁷

III. Division's Position

On November 29, 2012, 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 2013 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 honor all rebate applications submitted by the end of 2012 using a portion of the 2012 carryover to satisfy these requests.¹⁸

V. Hearing

¹⁷ *Id.* at 6-7, Schedule A, Schedule C at 16-17.

¹⁸ Division Exhibit No. 1, Division of Public Utilities and Carriers Memorandum, November 29, 2012.

On December 19, 2012, 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:	Karen Lyons, 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 summarized the 2013 programs reiterating what was in her prefiled testimony and noting the reduction in expected revenue due to Pascoag's loss of a large industrial customer. When questioned, she identified that large industrial company as Daniel Prosciutto and recognized what a good customer it had been.¹⁹

Commission Findings

Immediately following the evidentiary hearing, the Commission unanimously approved Pascoag's 2013 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 2013 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

¹⁹ Transcript of Hearing, December 20, 2011 at 4-15.

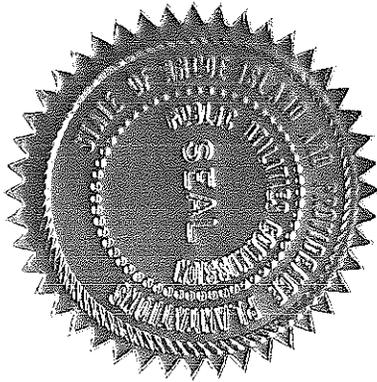
Pascoag the flexibility to reallocate up to ten percent of the funding associated with a certain program subject to Division authorization and reallocation of any amount in excess of ten percent will continue to require Commission approval.

Accordingly, it is hereby

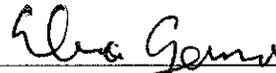
(21052) ORDERED:

1. Pascoag Utility District's 2013 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 2014 DSM Filing no later than November 1, 2013.
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, 2013
PURSUANT TO A BENCH DECISION ON DECEMBER 19, 2012. WRITTEN
DECISION ISSUED MAY 29, 2013.



PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman



Mary E. Bray, Commissioner



Paul J. Roberti, Commissioner