

Memorandum

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PUBLIC UTILITIES COMMISSION

To: L. Massaro
Commission Clerk

From: D. R. Stearns
Rate Analyst, Division of Public Utilities & Carriers

Date: 11/26/2013

Re: Pascoag Utility District 2014 Demand Side Management Program:

RIPUC Docket 4452

On November 1, 2013 Pascoag Utility District ("Pascoag", or "Company") filed with the Commission a proposed Demand Side Management (DSM) budget for calendar year 2014. Pascoag's proposed 2014 DSM budget totals \$143,500. This represents an increase of \$28,420 compared with the Company's approved 2013 budget of \$115,080. The reason for the increased budget is greater kWh sales than in the 2013 plan. It was anticipated that during 2013 Pascoag's largest industrial customer, D.P.I. Inc., would leave Pascoag's service territory, decreasing the Company's kWh sales. That did not occur, and the Company now states that it appears likely that D.P.I. Inc. will remain a customer of Pascoag during 2014.

Pascoag's 2014 DSM budget is based on a System Benefit Charge of 2.3 mills per kWh, with 2 mills being used for DSM programs administered by the Company and subject to regulatory review of the Commission, and 0.3 mills for renewable energy programs administered by the Rhode Island Economic Development Corporation, as mandated by R.I.G.L. §39-2-1.2, and the anticipated carry-over of 2013 funds.

DSM projected revenue, based on the 2014 kWh sales forecast of 54,733,000 kWh and Pascoag's 2-mills per kWh System Benefit Charge, is rounded to \$109,500; the carry-over of DSM funds from the 2013 budget is anticipated to be \$34,000, the same as the actual carry-over from 2012 that was included in the 2013 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. During 2014 the ENE monthly fee will remain at the current \$200-per-month level.

Pascoag plans to continue several 2013 DSM programs in 2014, adjusting the level of funding within the line item budget according to program demand experienced during 2013.

As is presently the practice, the Company will monitor all programs throughout the year and, if necessary, request authority to modify budget allocations in an attempt to ensure adequate funding of successful programs.

During 2014 Pascoag intends to honor 2013 rebate applications outstanding as of the end of that year at 2013 rebate levels, reserving \$2,000 of the forecast \$34,000 carry-over for that purpose. If the available \$2,000 exceeds the rebate requests, the Company proposes to petition the Division to reallocate the remaining funds.

Schedule B of the filing, Pascoag's 2014 Demand Side Management Program Executive Summary: Submitted by Harle J. Round, provides details of 2014 proposed programs and projects and a synopsis of the programs offered during 2013.

The Division recommends that, as in the past, if the amount of any one requested 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 seek Commission authorization to re-allocate funds.

After review of the filing and conversation with the Company, the Division recommends that the 2014 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