

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PASCOAG UTILITY DISTRICT'S 2014 :
DEMAND SIDE MANAGEMENT PROGRAM : DOCKET NO. 4452

ORDER

1. Background

Pascoag Utility Pascoag (Pascoag) is authorized pursuant to R.I. Gen. Laws § 39-2-1.2 to collect charges from ratepayers to fund demand side management programs. On November 1, 2013, Pascoag Utility Pascoag filed its 2014 Demand Side Management (DSM) Program. The program included a budget of \$143,500 to continue the residential and commercial energy efficiency programs approved in 2013 with a few modifications.

II. Pascoag Utility Pascoag's 2014 Demand Side Management Program

Residential Programs

Pascoag promotes the use of energy efficient appliances and products through financial incentives. Depending on the program, the incentives are in the form of rebates offered as a percentage of the purchase price of the product or a specified dollar amount, with a designated cap, or a combination of both. For example, the Energy Star program includes a 10% rebate for the purchase of Energy Star refrigerators, freezers, and clothes washers not to exceed \$75.00.¹ Pascoag proposed minor adjustments to the programs for 2014 based on 2013 program participation levels and costs. With a few exceptions, Pascoag proposed to maintain the same or slightly higher budget levels for most of the programs based on high participation and/or increased costs. The following residential program budgets were either maintained or increased based on prior year participation:

¹ Pascoag Utility Pascoag 1 (Pascoag's 2014 DSM Program), Schedule C at 3 (11/01/13).

ENE Residential Conservation
Home Energy Audits
Energy Star Appliance
Refrigerator/Freezer Buy Back
Energy Efficient Windows/Doors
Heating System Incentive
Energy Star Water Heaters
Energy Star Lighting
Home Office Equipment/Home Electronic
Electric Heat Conversion/Geothermal System
Change A Light Campaign
Energy Conservation Calendars
Smart Power Strips

Pascoag proposed to maintain or increase funding for some programs despite the lack of increased participation. In New Construction, for example, Pascoag reported that although it processed no rebates in 2013 for the New Construction program, it proposed to maintain the 2013 funding level at \$2,080.² Despite the lack of recent participation in the New Construction program, Pascoag explained that it nonetheless supported this program as an excellent way to install Energy Star products especially where the Burrillville building code does not require installation of Energy Star windows, doors, skylights, heating systems, appliances, lighting fixtures, central air conditioners and water heaters. The New Construction program encourages the installation of Energy Star products and appliances during the construction process by offering rebates for these products ranging from \$20 to \$250.

Pascoag requested approval to continue offering a variety of incentives for purchasing and/or installing energy efficient appliances and products. In 2013, Pascoag offered an incentive of 10% of the cost of Energy Star solar and electric heat pump water heaters up to \$100. Pascoag proposed to continue the 10% incentive for solar and electric heat pump water heaters in 2014, with an increased cap of \$150, slightly raising the 2013 funding level from \$800 to \$900.³

² Id. at 8.

³ Id. at 5; PUD response to Comm 1-1 (2013/2014 DSM Budget Comparison).

Similarly, Pascoag proposed increasing the incentive for Energy Star doors to allow the current incentive of \$40 per door for two doors per customer, instead of one door per customer. Pascoag requested maintaining the 2013 funding level for the Energy Star windows/skylights/doors program at \$2,500.⁴ Pascoag proposed similar, minor modifications to incentives offered for Energy Star central air conditioners and electric heat conversion/geothermal systems or ground source heat pumps. Pascoag proposed to increase 2013 funding for incentives related to the purchase of Energy Star air conditioners from \$1,200 to \$1,500.⁵ The increased funding would cover a tiered incentive structure to allow Pascoag to begin offering incentives that are directly proportional to the efficiency rating of the cooling unit, with a maximum incentive of \$300, slightly higher than the 2013 dollar cap of \$200.⁶ Similarly, Pascoag requested approval to continue offering 5% rebates, with a maximum rebate of \$350, up from \$300 in 2013, for the installation of electric heat conversion/geothermal systems or ground source heat pumps.⁷

For the first time, Pascoag requested funding of \$500 to provide 10% rebates for the purchase of Energy Star pool pumps, up to \$100. This funding level will allow five rebates in 2014.⁸

Commercial and Industrial Programs

Pascoag reported two noteworthy changes to Commercial/Industrial DSM programs for 2014. Pascoag requested approval to fund incentives in the amount of \$2,462 to Exotic Nails & Star Tans for retrofit lighting and lighting controls.⁹ These upgrades were the result of an energy audit performed at Exotic Nails locations in 2013. Pascoag also began participating in the

⁴ Pascoag Utility District 1 (Pascoag's 2014 DSM Program), Schedule C at 4 (11/01/13).

⁵ Id. at 8.

⁶ Id.; Schedule I (Pascoag Utility Pascoag Residential Incentives 2013).

⁷ Id. at 7-8.

⁸ Id. at 10-11.

⁹ Id. at 12.

Municipal Working Group, a program established within the RI Public Energy Partnership to improve the energy efficiency of public buildings.¹⁰ Pascoag requested approval to allocate \$26,000 towards this initiative.¹¹ Finally, following a successful 2012 LED pilot program, Pascoag requested approval to fund LED street lighting incentives in the amount of \$17,068 in order to purchase 87 LED street lights in 2014.¹²

III. Division Memorandum

On November 26, 2013, the Division of Public Utilities and Carriers filed a memorandum recommending approval of Pascoag Utility Pascoag's 2014 DSM Program. The Division summarized the major components of Pascoag's 2014 DSM Program, focusing specifically on the budget supporting the program. The Division noted that the proposed budget of \$143,500, representing an increase of \$28,420 from the 2013 DSM budget, was based on a 2014 sales forecast of 54,733,000 kWh.¹³ This sales forecast was slightly higher than previously anticipated by Pascoag due to the retention of one of its largest industrial customers, Daniele International, Inc. The Division noted that the total DSM budget of \$143,500 would be funded primarily through a DSM charge of 2.0 mills per kWh, resulting in projected revenues of \$109,500, and also from 2013 carryover funds totaling \$34,000.¹⁴ The Division also noted that Pascoag will continue to monitor programs, consistent with past practice, and request authority to re-allocate funds if necessary. The Division recommended that reallocation requests exceeding 10% of the total DSM budget be subject to Commission approval, consistent with past practice.¹⁵

IV. Hearing and Decision

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 14-15; Transcript at 16.

¹³ Division 1 (Memorandum of David Stearns) at 1.

¹⁴ *Id.* Pascoag Utility Pascoag is authorized to collect charges per kWh delivered to fund demand side management programs. R.I. Gen. Laws §39-2-1.2(b).

¹⁵ Division 1 (Memorandum of David Stearns) at 2 (11/26/13).

The Commission held a hearing in this matter on December 12, 2013.¹⁶ The following appearances were entered:

FOR PASCOAG UTILITY PASCOAG: William Bernstein, Esq.

FOR THE DIVISION: Karen Lyons, Esq.

FOR THE COMMISSION: Amy K. D'Alessandro, Esq.

Harle Round, DSM Coordinator for Pascoag Utility Pascoag, provided a general overview of Pascoag's 2014 DSM Program. Mrs. Round answered questions from Commission and Division staff concerning some of the details of the proposed 2014 DSM Program. When asked if Pascoag tracks participation in the DSM programs, Mrs. Round characterized the programs as being very active but stated that Pascoag does not specifically track program participation. When asked if Pascoag measures the cost-effectiveness of DSM programs, Mrs. Round replied that Pascoag maintains data sheets reflecting the amount of kilowatt-hour savings resulting from the DSM programs. Following Mrs. Round's testimony, the Division recommended approval of Pascoag's 2014 DSM Program, and the same was unanimously approved by bench decision.

¹⁶ Commissioner Paul J. Roberti was not present at the hearing.

Accordingly, it is hereby

(21441) ORDERED:

Pascoag Utility Pascoag's 2014 Demand Side Management Program is approved as filed.

EFFECTIVE AT WARWICK, RHODE ISLAND ON DECEMBER 12, 2013

PURSUANT TO A BENCH DECISION. WRITTEN ORDER ISSUED APRIL 28, 2014.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran

Margaret E. Curran, Chairperson

Paul J. Roberti, Commissioner

Herbert F. DeSimone, Jr.

Herbert F. DeSimone, Jr., Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.