

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

PASCOAG UTILITY DISTRICT’S 2020 :
DEMAND SIDE MANAGEMENT PROGRAM : **DOCKET NO. 4991**

REPORT AND ORDER

I. Introduction

On November 7, 2019 and pursuant to R.I. Gen. Laws § 39-2-1.2, Pascoag Utility District (Pascoag or District) filed its Demand Side Management (DSM) Program for 2020 with the Public Utilities Commission (Commission or PUC). Pascoag proposed an overall budget of \$199,829 to fund its residential and commercial energy efficiency programs for calendar year 2020.¹ In its filing, Pascoag noted that it made several changes to the DSM program, based upon recommendations made by Optimal Energy and the Rhode Island Office of Energy Resources (OER).² On November 13, 2019, OER filed motion to Intervene in the proceedings. On December 6, 2019, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of Pascoag’s 2020 DSM Program.³ On December 16, 2019, the PUC conducted an evidentiary hearing. At an Open Meeting held on December 17, 2019, the Commission unanimously approved the filing.

II. Pascoag’s DSM Program for 2020

1. Residential (\$81,815)

¹ Pascoag Utility District’s 2020 Demand Side Management Program (Nov. 7, 2019) (Filing). The \$199,829 budget is based on forecasted sales in 2020 of 55,131,000 kWhrs. All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/4991page.html>.

² Filing at 7 (Nov. 7, 2019).

³ Division Mem. (Dec. 12, 2019); <http://www.ripuc.ri.gov/eventsactions/docket/4991-DIV-Memorandum%2012-6-19.pdf>.

a. Audits with Follow Up Incentives (\$65,000)

Pascoag proposed an allocation of \$65,000 to fund energy audits and weatherization incentives such as insulation, air sealing, programmable thermostats, and low-flow aerators and shower heads for customers that heat with electric, oil and propane.⁴ The budget was broken down as follows: \$32,700 for 120 energy audits⁵; (2) \$10,000 for direct installs of LED lightbulbs, smart strips, aerators and showers heads; and (3) \$22,300 to rebate insulation, air sealing, and programmable thermostats.⁶ Pascoag proposed that the 2019 cap of twelve LED lightbulbs on direct installs be eliminated so that its energy auditor could install as many LEDs as necessary per home.

b. Residential ENERGY Star Offerings (\$7,315)

Pascoag proposed a modest budgetary increase of \$417 for this program in 2020 and coupled this request with several administrative and management improvements. First, it proposed consolidating its former Energy Star Appliances, Refrigerator/Freezer Buyback Program and Home Office/ Electronics Program all under the umbrella of Residential ENERGY STAR to streamline management and to permit more freedom to allocate funds to better performing products. Next, as a means of speeding up the rebate processing and ease of marketing, Pascoag requested a flat rate for incentives instead of a percentage of cost. Additionally, Pascoag proposed eliminating dishwashers from the program, due to minimal energy savings.⁷

To prevent customers from utilizing old refrigerators and freezers as spares or backups in customers' basements and garages, Pascoag proposed that it only rebate new appliances if the

⁴ Filing at 10;

⁵ Reaching three percent of residential customers.

⁶ Only customers who received an energy audit would qualify for rebates. Air sealing and insulation work must be done by a licensed contractor to qualify for rebates. Rebates proposed: Insulation, 75% up to \$800; Air Sealing, 75% up to \$500; Wireless Programable Thermostats, up to \$100, and Non-Wireless Programable Thermostats, up to \$25.

⁷ Filing at 11.

customers are also participating in a buyback of their old appliance. As rationale for this proposal, Pascoag noted that the Energy Star website estimates that there are more than sixty million refrigerators over ten years old that cost consumers \$4.7 billion dollars a year in energy costs. Increasing the buyback from \$50 to \$69 will ensure that the recycling fee of \$19 is also covered.⁸

Pascoag also proposed including televisions, computers, displays and printers from the Home Office and Electronics program into the Energy Star program.⁹ Pascoag proposed elimination of the following items from the program, due to minimal claimable energy savings: uninterruptible power supplies; audio/visual equipment; cordless phones; set-top and cable boxes; battery chargers; handheld vacuums with qualified chargers; power tools with qualified chargers; and yard tools with qualified chargers.¹⁰

c) ENERGY STAR Widows/ Skylights and Doors (\$0)

Pascoag proposed eliminating this program for 2020 because of the difficulty in accurately measuring the resulting energy savings. Instead, the utility proposed focusing its efforts on programs where it can more accurately determine energy savings and benefits.¹¹

d) Heating System Incentive (\$0)

The filing proposed complete elimination of heating system incentives for oil burners and furnaces and the transfer of the funds historically allocated for this program to the HVAC and Water Heater program.¹² Pascoag posited this change as an important forward step in transitioning Rhode Island heating from inefficient oil burners and furnaces to heat pump technology. It argued

⁸ *Id.*

⁹ Incentives proposed included: Television and Computers at \$50; Dehumidifiers at \$30; Displays at \$30; Printers at \$25; Air purifiers and Air Conditioners at \$40; and Washers and Dryers at \$75.

¹⁰ Filing at 11.

¹¹ *Id.* at 12.

¹² In the 2019 program, Pascoag had proposed a budget of \$1,500 for six rebates of \$250.00 each.

that funding new oil-based burners and furnaces would only encourage customers to delay investments in more efficient heating systems.

e. HVAC and Water Heater Program (\$7,000)

Pascoag proposed an increase in funding for this program of \$3,700 over its 2019 budget, for a total budget of \$7,000. This year, Pascoag proposed changing the rebate level by basing the incentive on a per ton basis, instead of a flat rate, with total rebates not to exceed \$700 per customer.¹³ Pascoag eliminated solar water heaters from the program due to lack of customer interest. Pascoag will offer rebates of either \$150 or \$300 for heat pump water heaters, depending up the size of the unit.

f. Change A Light Program (\$1,000)

The District proposed combining the Change A Light Program, which consisted of rebating LED lightbulbs, with the Energy Star Lighting Fixtures Program, to provide for more flexibility in the programs. Pascoag reported that ENERGY STAR qualified bulbs use 70% to 90% less energy than traditional incandescent bulbs. Additionally, Pascoag expressed its desire to eliminate ventilation fans from the program, due to minimal claimable energy savings. ENERGY STAR lighting fixtures use 90% less energy and 70% to 90% less heat than incandescent lighting. Additionally, they distribute light more efficiently. ENERGY STAR ceiling light/fan combination units are 40% more efficient than standard models. Pascoag proposed incentives at 50%, with a cap of \$50 per customer. The budget for this category was decreased slightly from \$1,050 to \$1,000.¹⁴

¹³ Filing at 13.

¹⁴ *Id.* at 15.

g. New Construction Rebates (\$0)

This program, which was capped at \$500.00 per home was discontinued in this filing. Pascoag indicated that it would like to reconceptualize how best to incentivize residential customers to make necessary changes for deeper energy savings.

h. Carryover Commitment

Pascoag reported a year end balance of \$5,867 in its Demand Side Management program. Of this amount, Pascoag requested that it be permitted to earmark \$1,500 to for remaining 2019 rebates and to apply \$4,367 towards the 2020 budget.

2. Industrial/Commercial (\$62,914)

a) Commercial Appliances (\$1,200)

Pascoag requested consolidation of its ENERGY STAR Office Equipment and ENERGY STAR Commercial Appliance program into an umbrella of Small Business ENERGY STAR Offerings, at level funding of \$1,200. Pascoag averred that this move would streamline program management and allow for more freedom for realigning funds into better-performing programs.¹⁵ Pascoag proposed a rebate of 10% for a variety of commercial appliances, with a cap of \$350.¹⁶

b) Burrillville School Department (\$18,700)

In 2019, the Burrillville School Department completed a lighting project at the Levy Rink at a total project cost of \$30,469. Pascoag provided a project rebate of \$9,300. The project is anticipated to save 41,145 kWh per years and reduce demand by 9.33 kW. The School Department plans to complete its lighting retrofit in 2020 with a project that is anticipated to save 258,578 kWh

¹⁵ *Id.* at 16.

¹⁶ Included in this program are ENERGY STAR rated Commercial dishwashers, commercial fryers, commercial ice machines, commercial hot food holding cabinets, commercial griddles, commercial refrigerators and commercial steam cookers.

annually. Pascoag proposed funding this project at \$18,700 with carryover Regional Greenhouse Gas Initiative (RGGI) funds.

c) Committed Funds Lighting and Energy Efficiency Projects (\$22,764)

Pascoag reported that Ashton Court, a housing complex for elderly/disabled residents undertook a lighting retrofit project in 2019 for its exterior lighting. In 2020, Ashton Court plans to undertake phase II of its retrofit by addressing interior lighting. The project is projected to cost \$58,981 and Pascoag plans a rebate of \$22,764.¹⁷ The project will reduce annual kWh by 55,798 and demand by 24.77 kW.¹⁸

d) Potential Lighting and Energy Efficiency Projects (\$10,250)

This line item is a new one in the budget for 2020 and is designed to provide the District with a source of funds to address projects that may be brought forward by businesses during the year. These funds would prevent lost opportunities for energy efficiency projects that arise during the year.

e) Consultation Fee (\$0.00)

Pascoag eliminated this program as unnecessary, now that the District is working with Optimal Energy and the Rhode Island Office of Energy Resources.

f) 2020 LED Street Light Initiative (\$10,000)

In 2016, Pascoag purchased and installed 610 LED Street Lights through its Demand Side Management Program and is carrying an Account Receivable on its books. In 2019, the DSM fund rebated the District \$7,225. For 2020, the District proposed this amount be increased to \$10,000 which would decrease the account receivable from \$73,096 to \$63,096.¹⁹

¹⁷ Rebates for retrofits are 60% and new lighting rebates are at 40%.

¹⁸ *Id.* at 18.

¹⁹ *Id.* at 19.

3. Administrative Programs (\$31,500)

a) Pascoag's Administrative Expenses (\$21,000)

Funds in this line item would be used to pay the District for its staff time, supplies and mileage reimbursement for all DSM related activities. Pascoag's three Customer Service Representatives devote many hours to the DSM program: researching compliance for submitted rebate requests; reconciling DSM programs, updating programs; and creating new programs. The Assistant General Manager works with industrial and commercial customers on their projects and performs site visits. Pascoag proposes holding a training session in 2020 with its Customer Service Representatives to ensure they understand the latest criteria for rebates.²⁰

b) Energy Efficiency Consultant (\$10,000)

In 2019, Pascoag hired Optimal Energy as its energy consultant to help guide data collection, cost-benefit analysis, and program development. Pascoag reports deep satisfaction with this development and avers that Optimal Energy's input has been integral to the DSM Program's success. The District would very much like to continue working with Optimal Energy on 2020 and requested \$10,000 level funding.

c) URI Energy Fellow Intern (\$0.00)

In 2019, the District was fortunate to have a URI Energy Fellow Intern who performed a variety of important tasks, including: marketing energy efficiency content for the District's Facebook page; updating energy efficiency handout materials with better graphics and information; developing advertisements and other materials for residential energy efficiency outreach and preparing for and assisting at the annual Green Festival. Although Pascoag would

²⁰ *Id.* at 19.

ideally like to retain this position and funding, budget constraints did not permit this in 2020. The District desires to fund this program again in future years.²¹

d) Program Development (\$500)

This fund would be used to develop future energy efficiency programs.²²

4. Community Outreach, Marketing & Education (\$23,600)

a) Follow-Up to Successful Programs (\$1,000)

Pascoag requested this line item to permit flexibility in transferring funds up to 10% to other programs with a high customer demand.

b) Outreach/Education Program (\$7,500)

This year's budget for Outreach/Education was increased from \$6,500 to \$7,500 due to an increase in programming and a need to update the District's website, process program promotion bill inserts, and run advertisement in newspapers and social media platforms. Additionally, the District proposed purchasing fulfillment materials such as nightlights, refrigerator thermostats and other conservation materials, to be distributed at customer outreach events.

Pascoag described its key events for education and promoting energy efficiency as the Burrillville Family Fair, the Green Festival, Steere Farm Elementary School field trip and the Burrillville Aging Stronger Lunch & Learn events. The Family Fair attracted over 1,000 participants and the Green Festival attracted 600. The Lunch & Learn program was new in 2019 and the District found that it was reaching a population that it previously had not reached in an effective manner. These are customers over the age of 55, many of whom did not have Facebook pages or whom did not attend either the Family Fair or the Green Festival.

²¹ *Id.* at 20.

²² *Id.*

c) Jesse Smith Library Partnership (\$3,600)

For several years, the District has partnered with the Jesse Smith Library and Burrillville Recycling for an Earth Day poster contest for students in grades K-8, to promote recycling and energy efficiency. The top twelve posters are then transformed into a calendar which is made available for free to Pascoag's customers. The funding is used for prizes, materials, labor, and refreshments for an awards ceremony. This particular program is a customer favorite.

d) Community Events (\$9,000)

Pascoag submitted that because Burrillville is such a small, tight-knit community, the District's presence at community events is imperative to its ability to promote its DSM programs. Participation permits face-to-face interaction, promoting trust within the community. Additionally, it allows staff more time to meet one-on-one with customers to describe and explain the various DSM programs. Pascoag reported that in 2019, funds were used to purchase supplies, create and distribute flyers and banners for the Green Festival, and pay for labor at community events promoting energy efficiency. The District would like to continue its participation in both the Green Festival and the Burrillville Family Fair.

In March 2019, the entire 4th grade from Steere Farm Elementary School visited the District's offices on a field trip. There, the children had a tour, learned about public power, energy efficiency and the operation of an electric utility. They were treated to lunch, played energy efficiency games and worked on their energy efficiency posters for the annual contest. The event was well received by the school and staff alike and the District would like to continue the same in 2020.

In 2019, the District began participating with Burrillville Aging Stronger programming and luncheons. There, staff provides information about energy efficiency and the home energy audit

program. This particular program has provided access to the more senior members of the Burrillville community that the staff would otherwise not be able to see. It should be noted that the number of home energy audits in 2019 soared. In prior years, approximately 10-20 energy audits were annually conducted. In 2019, the District completed 81 audits through September, with another 14 scheduled in October. The district anticipated that it would meet its goal of 120 energy audits by year end.²³ The district proposed an increase in funding for this program from \$8,000 to \$9,000 for 2020.

e) Energy Efficiency Management Continuing Education Funds (\$2,500)

Funding in this category would permit the DSM Coordinator and staff to attend workshops and other educational opportunities that arise during the year.²⁴

III. Division of Public Utilities and Carriers

The Division's memo noted that Pascoag was proposing to keep the per kilowatt hour charge the same this year. The total 2020 DSM budget was \$199,829, which was comprised of \$110,262 from projected DSM rate revenues, a carryover of \$5,867 from 2019, \$19,000 from 2019 RGGI carryover funds and \$64,700 from 2020 RGGI funds.

The Division indicated that it had investigated the Commission's concerns from last year that Pascoag customers may be benefitting twice from Pascoag and National Grid rebates for the purchase of LED lights. The Division reported that Pascoag had addressed this concern by revisiting the potential list of retailers that are on National Grid's and found that all the stores that are in close proximity to Pascoag were working with National Grid. Therefore, the District proposed to give away LED lights at community events, but only to its own customers.²⁵

²³ *Id.* at 9 and 23.

²⁴ *Id.* at 24.

²⁵ The District would have a list of its customers at each community event to ensure compliance.

The division stated that it had reviewed the filing and Pascoag's responses to data requests and found the District's explanations and basis for the proposed budget to be reasonable. Therefore, the Division recommended that the PUC approve Pascoag's filing.

IV) Discovery

In its response to discovery request PUC 1-7, Pascoag explained that subsequent to its original filing, it learned that Lawrence Brothers Hardware Store had signed an agreement with National Grid to sell discounted light bulbs and fixtures in their store. As a result Pascoag sought to amend their filing. Rather than devote \$1,000 to rebates for bulbs and fixtures purchased at Lawrence Brothers Hardware Store. They proposed to use that \$1,000 to purchase lightbulbs to distribute to Pascoag customers attending various community events throughout the year where Pascoag Utility District provides energy efficiency information.

V) Hearing and Decision

At the December 16, 2019 hearing, Desarae Dolan, DSM Coordinator, testified in support of the District's proposed 2020 DSM Program. In response to PUC questioning, she explained the differences between the Burrillville Family Fair and the Green Festival, as well as the District's involvement and expenses for each community event. The District is the primary sponsor and host of the Green Festival which is conducted in early fall each year.²⁶ Its purpose is to promote sustainable and environmentally conscious lifestyles and is attended by more than thirty "green" vendors.²⁷ The Green Festival has a variety of family friendly events, including food trucks, a musician, and events for children such as games and face painting. Because it is an expensive program, when calculated on a participant basis, the Commission submitted the program to particularized scrutiny.

²⁶ The Town of Burrillville's Parks and Recreation Department also assists in efforts and funding.

²⁷ The vendors do not pay a fee to participate in the Green Festival.

At the Festival, the District distributes recyclable tote bags with energy efficiency information and other items such as an energy audit water bottle, ENERGY STAR refrigerator magnets, and energy wheels, to approximately 500 participants.²⁸ Ms. Dolan reported that there was a surge of energy audits as a result of the Green Festival this year. In addition, the weatherization vendor was able to make between 20 and 25 appointments at the Green Festival, which was an unprecedented result.²⁹ In discussing the budget for this event, Ms. Dolan explained that it's difficult to sell energy efficiency on its own so that an event to promote it must also be family friendly and fun, to attract attendees. In her words, "something that's a little bit more family friendly is going to draw more people than if we say we're here to talk to you about light bulbs."

Ms. Dolan explained that these face-to-face events are critical to the DSM's success because people do not like to give out email addresses and they tend to throw out bill inserts. She lamented that although the District makes energy efficiency flyers available on the counter as District offices, they tend to get lost in the back of the customer's cars. The District believes that in person conversations, one-on-one, are the best way to impart energy efficiency information and to engage/entice their customers to take the next step.³⁰

In discussing the weatherization program and budget, Ms. Dolan explained that the District believed it was following the State of Rhode Island's lead in promoting and incentivizing heat pumps.³¹ Of the \$7,000 proposed HVAC/Water Heater budget, the District did not attempt to allocate how much would be for heat pumps because customer preferences really are not known at this time. The allocation would occur as applications come in. Ms. Dolan clarified that the incentive for heat pump water heaters were available to customers with all fuel types, except gas.

²⁸ Hr'g Tr. at 25-26.

²⁹ *Id.* at 32.

³⁰ *Id.* at 37.

³¹ *Id.* at 41.

In response to Commissioner Anthony's inquiry, Ms. Dolan testified that there would be electric savings, even to oil customers, because the electric heat pump water heaters are more energy efficient and that electric savings would occur on startup.³²

At its Open Meeting on December 17, 2019, the Commission reviewed the filing, pre-filed testimony, data requests and the testimony adduced at hearing and unanimously approved Pascoag's 2020 DSM Plan, associated budget, and reallocation guidelines. The Commission was satisfied that the Green Festival continues to be an appropriate use of DSM funds, however, the District shall explore charging vendors a fee to participate.

Pascoag's continued efforts and diligence in designing and implementing its DSM programs and its commitment to energy conservation are familiar to the Commission. The use of an Energy Consultant and access to OER's resources has provided much needed assistance to the District's small staff and has served to leverage resources effectively. It is evident to the Commission that the District remains dedicated to providing services in an efficient manner by continuing to review existing programs and annually making modifications to those programs that reflect its customers' needs. As in the past, the Commission will continue to allow Pascoag the flexibility to reallocate up to 10% of the funding associated with a certain program subject to Division authorization; reallocation of any amount in excess of 10% will continue to require Commission approval.

³² *Id.* at 74.

Accordingly, it is hereby

(23887) ORDERED:

1. Pascoag Utility District's 2020 Demand Side Management Programs and associated budget are approved as filed with the following modification. As outlined in the response to PUC 1-7, the \$1,000 originally requested for the Change A Light Campaign will be utilized to purchase light bulbs to be distributed to Pascoag customers as various community events.
2. A factor of \$0.0023 per kilowatt-hour is hereby approved in accordance with R.I. Gen. Laws §39-2-1.2, with \$0.002 per kilowatt-hour to be applied to the Demand Side Management Programs approved herein and \$0.0003 per kilowatt-hour to be administered by the Rhode Island Office of Energy Resources for renewable energy programs. This rate shall apply to energy consumed on or after January 1, 2020.
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. In its 2021 DSM Filing the company will provide robust evidence to support its continued involvement in community events. In addition, Pascoag shall explore alternative sources of funding including, but not limited to, vendor participation fees.
5. Pascoag shall make its 2021 DSM Filing no later than November 1, 2020.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2020 PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 17, 2019. WRITTEN ORDER ISSUED AUGUST 20, 2020.

PUBLIC UTILITIES COMMISSION

*Margaret E. Curran, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, Commissioner

*Chairperson Curran participated in this matter but was unavailable for signature.

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 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.