

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

PASCOAG UTILITY DISTRICT'S 2022 :
DEMAND SIDE MANAGEMENT PROGRAM : **DOCKET NO. 5195**

REPORT AND ORDER

I. Introduction

On November 8, 2021 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 2022 with the Public Utilities Commission (Commission or PUC). Pascoag proposed an overall budget of \$220,829 to fund its residential and commercial energy efficiency programs for calendar year 2022.¹ In its filing, Pascoag noted that it made several changes over the past couple of years to the DSM program to address the effect that the COVID pandemic has had on the delivery of some of its programs. On November 22, 2021, the Rhode Island Office of Energy Resources (OER) filed motion to Intervene in the proceedings and submitted a letter supporting Pascoag's proposals on December 10, 2021.² On December 9, 2021, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of Pascoag's 2022 DSM Program.³ The PUC conducted an evidentiary hearing on December 20, 2021. On December 21, 2021 the Commission held an Open Meeting and unanimously approved the filing.

II. Pascoag's DSM Program for 2022

For calendar year 2022, Pascoag proposed a DSM budget of \$220,829 which is comprised of \$107,456 from forecasted sales, \$38,373 of 2021 carryover, and \$75,000 of RGGI funding. The

¹ Pascoag Utility District's 2022 Demand Side Management Program (Nov. 8, 2021) (Filing). The \$220,829 budget is based on forecasted sales in 2022 of 53,728,000 kWh. 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/5195page.html>.

² Ucci Letter (Dec. 10, 2021).

³ Division Mem. (Dec. 9, 2021).

budget is divided into residential programs, industrial/commercial programs, administrative costs, and community outreach, marketing, and education costs.⁴

For its Residential Sector, Pascoag proposed a total budget of \$117,500 to continue five of its existing programs and to continue a pilot program. It proposed decreasing the Home Energy Audits with Follow-Up Incentives program by almost half and funding the program with RGGI funds. It noted that last year it had a carryover of RGGI funds from the previous year due in large part to decreased activity in the program because of the COVID pandemic. It expressed that it doesn't anticipate carryover in RGGI funds into this year's budget. It noted that it will reduce the incentive weatherization incentive from 100% up to \$3,000 to 100% up to \$2,250 to more equitably distribute rebates and to control costs. It hopes to be able to fund more weatherization projects by offering a strong incentive to participate. The \$60,000 budget for the program is allocated as follows: 1) \$17,400 for 60 energy audits; 2) \$8,000 for direct installs of LED lightbulbs, smart strip, aerators and shower heads; and 3) \$34,600 to rebate insulation, air sealing, and programmable thermostats.⁵

Pascoag proposed maintaining its ENERGY STAR Offerings program but eliminated televisions, computers, displays, and printers from rebate eligibility due to the low claimable savings these products provide and low participation in the program. It proposed maintaining the current incentives and rebate levels for all other items.⁶ Pascoag proposed increasing its HVAC and Water Heater program for a total budget of \$8,000 and increasing the incentive amount for small heat pump hot water heaters from \$300 to \$450 for a less than or equal to 55-gallon heat pump water heater in order to spur participation in this program.⁷

⁴ Schedule A-1 (Nov. 4, 2021).

⁵ Filing at 10-12.

⁶ *Id.* at 12-13.

⁷ *Id.* at 13.

Pascoag proposed creating a pilot program to offer an incentive to its electric heat customers that have had a home energy audit and have weatherized their home. Up to a \$2500 rebate per customer would be available to those customers to transition from electric resistant heating to heat pumps. Pascoag proposed eliminating the Change a Light Program that provided income eligible customers with lighting kits. Pascoag found success in this program during the pandemic when it was unable to conduct or participate in-person activities but see more in person opportunities opening up in the future.⁸

Last year, Pascoag proposed the Landlord/Renter Weatherization Program, as a new pilot program, which focused on rental properties. The Program conducted energy audits for 4 duplex dwellings and provided direct install measures and rebates for weatherization efforts to these properties. It proposed continuing a rebate of 100% up to \$5,000 for qualified air sealing and insulation measures. The budget of \$30,000 proposed will allow for four properties to be included in the program in 2022. Half of the funding for this program being provided by RGGI funds.⁹

Pascoag reported a year-end balance of \$38,373 in its Demand Side Management program. Of this amount, Pascoag is requesting approval to earmark \$1,500 to satisfy the remaining 2021 rebates and to apply the remaining \$36,873 towards the 2022 budget.¹⁰

Pascoag proposed a budget of \$52,729 for four Industrial/Commercial programs. The District proposed maintaining the same Small Business ENERGY STAR Offerings program that was approved in 2021 in Docket No. 5084 which provides for a rebate of 10% for a variety of commercial appliances, with a cap of \$350. In the Committed Funds-Lighting and Energy Efficiency Projects 2021 category, the Pascoag Library completed the first of a three phase LED

⁸ *Id.* at 14-15.

⁹ *Id.* at 14-15.

¹⁰ *Id.* at 15-16.

lighting project that reduce the library's kWh by 40,344 once fully complete over the life of the project. For phase 1, the library received a \$886 rebate.¹¹

In 2021, Pascoag worked with three commercial and industrial customers to complete lighting projects, GS Inc, St. Joseph's Church, and Crystal Lake Rehabilitation Center, and issued a total of \$27,200 in rebates for the three projects. Ashton Court is planning to install 14 mini-splits in 2022, and the Wallum Lake Rod & Gun Club is proposing an LED lighting project on its skeet and trap fields. Both of these projects will earn a combined rebate of \$8,576.¹²

Pascoag proposed a budget of \$32,953 for its Potential 2022 Lighting and Energy Projects noting that the Crystal Lake Golf club is working with RISE on an estimate for an LED lighting project at its facility next year. Finally, Pascoag seeks to maintain a level of \$10,000 in its LED Street Light Incentive program so it can apply it to the balance owed on the purchase and installation of 610 LED streetlights completed in 2016. Application of the \$10,000 to the balance owed will reduce it \$43,096.¹³

Pascoag did not propose any changes to its Administrative Programs which it requested be funded at \$31,500. The funds would be allocated to: 1) administrative expenses, 2) the energy efficiency consultant, and 3) program research and development. Pascoag proposed \$21,000 for administrative expenses which 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 assisting customers. The DSM Coordinator also spends considerable time researching compliance for submitted rebate requests;

¹¹ *Id.* at 16.-17. Commercial appliances included in the Small Business ENERGY STAR offerings 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.

¹² *Id.* at 18.

¹³ *Id.* at 19.

reconciling DSM programs; updating programs; and creating new programs. The Assistant General Manager also participates by working with industrial and commercial customers on their projects and performing site visits.¹⁴

In 2019, Pascoag hired Optimal Energy as its energy consultant to help guide data collection, cost-benefit analysis, and program development. The District proposed to continue working with Optimal Energy in 2022 and requested \$10,000 of funding.¹⁵ Finally, Pascoag requested \$500 to be used to develop future energy efficiency programs.¹⁶

Pascoag requested a total of \$19,100 to fund its Community Outreach, Marketing & Education Sector. It proposed combining its Community Outreach/Education and Community Events programs noting that the programs typically overlap and funding them at \$14,000. It noted it was unable to attend any community events this past year due to the COVID pandemic so could not gather information to support continued involvement as previously ordered by the Commission. It stated it sent out surveys to Green Festival vendors half of whom indicated that would not participate if required to pay a fee and another approximately 20% that indicated they were unsure if they would continue to participate. Pascoag also researched grant opportunities but noted it does not have the staff to engage in this exercise and found most opportunities it was not eligible for. Pascoag suggested gathering information in 2022 to support its continued involvement in the community. It pointed out, as a public power utility, it has used community events to establish trust and communicate directly with customers about its DSM programs. This has proven successful as evidenced by customers reaching out directly to it for information when making purchases or planning energy investments.¹⁷

¹⁴ *Id.* at 19-20.

¹⁵ *Id.* at 20.

¹⁶ *Id.*

¹⁷ *Id.* at 20-22.

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. Pascoag requested that a budget of \$3,600 be approved to continue to fund this program that it identified as a customer favorite. It noted that the calendars allow it to bring its energy efficiency message into customers' homes. Lastly, Pascoag would like to maintain \$1,500 in the Energy Efficiency Management Continuing Education fund so the DSM Coordinator can attend in-person training opportunities.¹⁸

III. Office of Energy Resources

On December 10, 2021, OER filed a letter authored by Commissioner Nicholas S. Ucci strongly supporting and urging the Commission to approve Pascoag's DMS Plan as filed.¹⁹ Commissioner Ucci stated the Plan is expected to result in substantial cost-effective energy and demand savings while contributing to Pascoag's ability to deliver clean and affordable energy to its customers. The Plan, he noted, aligns with the State's energy goals and the 2021 Act on Climate.

Mr. Ucci stated the Plan demonstrates Pascoag's commitment to delivering high quality effective energy efficiency and continued program improvements. He expressed the energy efficiency measures such as Pascoag's home energy audits and weatherization program deliver immediate and long-lasting energy savings to its customers. He noted Pascoag's proposed

¹⁸ *Id.* at 22-23.

¹⁹ Ucci Letter at 1.

enhanced incentive pilot program for electric resistance heating customers will provide significant energy savings opportunities, grid benefits, and carbon reductions.²⁰

Mr. Ucci expressed that OER and Pascoag have been collaborating since 2018 to develop strategies to enhance its DSM programs. Because of Pascoag's commitment to cost effective energy efficiency and greenhouse gas reductions, OER previously provided Regional Greenhouse Gas Initiative (RGGI) funds to Pascoag and has committed to doing so by investing \$120,000 for energy efficiency programming over the next three years, 2022 through 2024. Mr. Ucci concluded by expressing that OER is confident Pascoag's customers will realize substantial energy, economic, and environmental benefits from the programs offered through its 2022 DSM Plan and requested the Commission to approve the Plan as filed.²¹

IV. Division of Public Utilities and Carriers

On December 9, 2021, the Division filed a memorandum of Margaret Hogan recommending the Commission approve Pascoag's Plan. Ms. Hogan reiterated the information provided in Pascoag's filing. She noted in Docket No. 4991, the Commission ordered Pascoag to provide robust evidence to support its continued involvement in community events and to explore alternative sources of funding like vendor participation fees. She stated Pascoag provided that it had conducted a survey and the results indicated most vendors would be less likely to attend if required to pay a fee. She also noted Pascoag indicated it does not have the available staff to engage in consistent grant writing. The Division recommended approval of Pascoag's 2022 DSM Programs finding its budgetary explanations to be "well-thought out, reasonable and generally consistent with its historical program budgets." It encouraged Pascoag to continue its search for

²⁰ *Id.*

²¹ *Id.* at 2.

paid advertising for its Earth Day Poster Contest since the resulting calendar appears to be a community favorite.²²

Hearing and Decision

At the December 20, 2021 hearing, Desarae Dolan, Pascoag's DSM Coordinator, testified in support of the District's proposed 2022 DSM Program. She briefly summarized the highlights of the filing noting most of the programs remained the same. She noted a slight decrease to the residential energy audits which she attributed to reduced funding from OER. She testified that Pascoag was continuing its pilot program for landlords and winter weatherization and that it had enhanced the heat pump HVAC incentive for customers that heat with radiant heat. She recognized OER for the help it has provided not only with funding but with assistance in putting together the programs. When questioned about the \$120,000 funding that OER was providing for the next three years, she stated \$75,000 was included for the 2022 programs and the remaining \$45,000 would be split between 2023 and 2024 and most likely be allocated to the weatherization program.²³

Ms. Dolan explained Pascoag is currently considering proposing an increase in DSM funding in 2023 of approximately \$55,000. She noted the importance of community events and sees them as a good opportunity to educate and engage with customers. And although events have been hindered for the last couple of years, she is hopeful they will be back on track in 2022 and noted that after discussion with the school department, they were preparing to go back into the classroom in March. She noted she has had very little success securing funding for the programs through other sources and does not have the resources to devote to full time grant writing. Pascoag

²² Hogan Mem. at 1-4 (Dec. 9, 2021).

²³ Hr'g Tr. at 10-13 (Dec. 20, 2021).

was able to offset the cost of its calendars by about \$400 from the sale of advertisements that would be placed in the calendars.²⁴

Ms. Dolan answered questions about the Burrillville High School lighting project which expects to total more than \$400,000 and which has stalled. She said she approached the school department about undertaking that project in phases, but they were not inclined to move in that direction because of other projects they were engaged in. When asked the difference between asking customers to pay for that project over the course of a number of years and asking for more funding for weatherization, she stated she believed that customers would feel that the money allotted to weatherization was more evenly split among them whereas the high school project would benefit only the high school. She noted that even though the high school project would lower demand, customers would have difficulty understanding how that benefits them.²⁵

Responding to questions about Pascoag's consultant, Optimal Energy, Ms. Dolan testified they pay \$10,000 per year for assistance with their programs. In order to judge a particular product, she stated Pascoag looks at energy savings, historical data from customers using the program, and potential benefits in the future. She testified she believes the weatherization program is a good product because housing in Pascoag is very old and many of the buildings need weatherization. She stated that if electrification keeps moving at the pace at which it is moving now, Pascoag as a small utility needs to be prepared and weatherizing now would have those buildings ready when it comes time to electrify. She noted the weatherization program also provides electric savings for customers cooling during the summer months. When questioned about whether customers were aware a portion of the funding for weatherization is allocated to National Grid gas customers, she

²⁴ *Id.* at 14-18, 43-45.

²⁵ *Id.* at 20-21, 37-40.

responded that presently less than three percent of Pascoag's customers are National Grid gas customers.²⁶

At the Open Meeting on December 21, 2021, the Commission unanimously approved Pascoag's 2022 DSM Plan and associated budget. The Commission was satisfied that the District continues to carefully monitor its programs and the use of its DSM funds. Pascoag's continued efforts and diligence in designing and implementing its DSM programs and its commitment to energy conservation are familiar to the Commission. It is evident to the Commission 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.

Based on Pascoag's representations that it may request to increase funding next year, the Commission noted that, the request should be supported with the business case for the ratepayer investment, specifically addressing the cost effectiveness of the proposal from a societal view and whether the benefits and costs to customers are aligned. If most of the benefits are realized by those outside of the electric sector, Pascoag should justify why its ratepayers are funding that investment. The Commission also asked that Pascoag file its 2023 plan by November 1, 2022.

Accordingly, it is hereby

(24394) ORDERED:

1. Pascoag Utility District's 2022 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. 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

²⁶ *Id.* at 25, 31-33, 41.

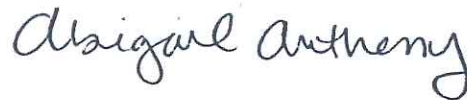
by the Rhode Island Commerce Corporation for renewable energy programs. This rate shall apply to energy consumed on or after January 1, 2022.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2022 PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 21, 2021. WRITTEN ORDER ISSUED APRIL 27, 2022.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, 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 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.

