

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**PASCOAG UTILITY DISTRICT'S 2023 :
DEMAND SIDE MANAGEMENT PROGRAM : DOCKET NO. 22-40-EE**

REPORT AND ORDER

I. Introduction

On November 7, 2022 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 2023 with the Public Utilities Commission (Commission or PUC). Pascoag proposed an overall budget of \$216,777 to fund its residential and commercial energy efficiency programs for calendar year 2023.¹ In its filing, Pascoag noted that it made several changes over the past few 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 15, 2022, the Rhode Island Office of Energy Resources (OER) filed a Motion to Intervene in the proceedings. On December 9, 2022, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of Pascoag's 2023 DSM Program.² The PUC conducted an evidentiary hearing on December 19, 2022. On December 20, 2022 the Commission held an Open Meeting and unanimously approved the filing.

II. Pascoag's DSM Program for 2023

For calendar year 2023, Pascoag proposed a DSM budget of \$216,777 which is comprised of \$162,042 from 54,014,000 kWh of forecasted sales, \$19,035 of 2022 carryover, and \$35,700 of

¹ Pascoag Utility District's 2023 Demand Side Management Program (Nov. 7, 2022) (Filing). All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <https://ripuc.ri.gov/Docket-22-40-EE>.

² Division Mem. (Dec. 9, 2022).

RGGI funding. The budget is divided into residential programs, industrial/commercial programs, administrative costs, and community outreach, marketing, and education costs.³

For its Residential Sector, Pascoag proposed a total budget of \$99,217 to continue five of its existing programs. It noted that it is requesting an increase to the System Benefit Charge (SBC) for the first time in twenty-five years due to an increase in the demand for its Residential Audit and Weatherization Program which it asserts will support reducing greenhouse gas emissions (GHGs) and the demand on the electric grid. Referring to the Commission's directive in Docket No. 5195 that it support any requested increase with evidence that the program will be cost-effective from a societal point of view and that the costs and benefits to customers are aligned, Pascoag asserted that the approximate \$83,000 in costs will result in about \$125,000 in total benefits.⁴

Pascoag conducted a survey of customers to assess customer needs. Approximately 11% of its customers completed the survey and the majority were interested in the Home Energy Audits and Weatherization incentives and preferred funds be available for residential weatherization projects as opposed to large commercial or municipal energy efficiency projects. Reoccurring comments over the past few years have focused on affordability of weatherization projects. After the state announced potential rebates for high efficiency heating and cooling equipment, Pascoag heard from customers that they wanted to have their home weatherized prior to getting an estimate on heating and cooling equipment. It expressed that a strong weatherization program will aid its customers in reducing energy costs and aid the District in contributing to the goals of the Act on Climate.⁵

³ Schedule A-1, Schedule B at 10 (Nov. 7, 2022).

⁴ Schedule C at 11-12.

⁵ *Id.* at 12-13.

Pascoag proposed a budget of \$72,000 to fund the Residential Audit and Weatherization Program comprised of \$35,700 of Regional Greenhouse Gas Initiative (RGGI) funds and \$36,300 from ratepayers and to continue the current incentive of 100% up to \$2,250. Last year, Pascoag proposed a pilot program to provide energy audits and weatherization incentives to landlords of two to four unit buildings. Although it enrolled four landlords, only two moved forward with audits and estimates for weatherization. After receiving Division approval, Pascoag transferred the \$15,000 funding for this pilot to the Residential Energy Audit and Weatherization Program to rebate additional audits and projects. It proposed discontinuing the pilot and including \$10,000 of the \$15,000 2022 budget in weatherization incentives for two rental properties as part of the Residential Audit and Weatherization Program. It proposed a rebate of 100% up to \$2,250 for insulation and air sealing measures. The \$72,000 budget for the program is allocated as follows: 1) \$19,200 for 60 energy audits; 2) \$8,000 for direct installs of LED lightbulbs, smart strip, aerators and shower heads; 3) \$34,800 to rebate insulation, air sealing, and programmable thermostats, and 4) \$10,000 for weatherization for two rental properties.⁶

Pascoag proposed maintaining its ENERGY STAR Offerings program but decreasing funding to \$5,000. It proposed increasing its HVAC and Water Heater program for a total budget of \$11,500 due to increased demand in the program, removing the central air conditioning rebate and increasing the incentive amount for ductless mini-split heat pumps. It intends for its program to compliment and align with any rebates the State of Rhode Island will offer in 2023. The Enhanced Incentive Heat Pump Program enjoyed limited success, and Pascoag would like to continue the program carrying over funds from last year and using a small portion of those funds to satisfy 2022 qualified rebates. Finally, it requested approval to use \$717 of the year-end balance

⁶ *Id.* at 14-15.

of \$19,035 to satisfy the remaining 2022 rebates and to apply the remaining \$18,318 towards the 2023 budget.⁷

Pascoag proposed a budget of \$65,460 for four Industrial/Commercial programs. The District proposed maintaining the same Small Business ENERGY STAR Offerings program that was approved in 2022 in Docket No. 5195 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 2022 category, the Pascoag Library completed the last two phases of its LED lighting project that reduce the library's kWh by 40,344 over the life of the project. For phases 2 and 3, the library received a total rebate of \$2,563. The Wallum Lake Rod and Gun completed a lighting project that will reduce its annual load by 9.26 kW and received a rebate of \$7,820. Two other lighting projects, Zamborano Hospital Power Plant and Clocktowers Apartments are scheduled to be completed by the end of the year and qualify for rebates of \$20,788 and \$12,781, respectively. Pascoag also is committing \$20,844 in funds to rebate the second phase of a lighting project at Zamborano Hospital which it described in scope as similar to the power plant project.⁸

Pascoag proposed a budget of \$33,416 for its Potential 2023 Lighting and Energy Projects noting that OER has engaged in discussions with the Burrillville school staff about LED lighting upgrades at the high school. Finally, Pascoag seeks to maintain a level of \$10,000 in its LED Street Light Incentive program to apply 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 \$33,096.⁹

⁷ *Id.* at 16-19.

⁸ *Id.* at 19-21. 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.

⁹ *Id.* at 22.

Pascoag proposed a minimal increase to the budget of its Administrative Programs which it requested be funded at \$33,000. The funds would be allocated to 1) administrative expenses, 2) the energy efficiency consultant, and 3) program research and development. Pascoag proposed \$23,000 for administrative expenses which would be used to pay the District for its staff time, supplies and mileage reimbursement for all DSM-related activities. This slight increase would support the increase in work required to manage and support the DSM programs, coordination with the State's forthcoming heat pump program and address general inflation. 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; 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.¹⁰

Pascoag proposed continuation of the funding for its energy consultant, Optimal Energy, to help guide data collection, cost-benefit analysis, and program development and requested \$10,000 of funding.¹¹ Finally, Pascoag removed the line item for Program Research and Development as those funds have not been used in the last few years.¹²

Pascoag requested a total of \$19,100 to fund its Community Outreach, Marketing & Education Sector. Last year it proposed combining its Community Outreach/Education and Community Events programs noting that the programs typically overlap and requested funding them at \$14,000 which was approved. It actively participated in a number of community events which it was unable to do during the last couple of years due to the COVID pandemic. As noted

¹⁰ *Id.* at 22-23.

¹¹ *Id.* at 20.

¹² *Id.*

above, it conducted a survey of its customers, by mail, online, and at community events. It stated that it will continue to explore other avenues of funding for its community engagement.¹³

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. This year it was able to secure \$700 from advertisers to help offset the cost of the calendars. 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.¹⁴

III. Office of Energy Resources

On December 2, 2022, OER filed a letter authored by Acting Commissioner Chris Kearns strongly supporting and urging the Commission to approve Pascoag's DMS Plan as filed.¹⁵ Acting Commissioner Kearns 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. He commended Pascoag for its continued commitment to its programs and recommended approval of the proposed modest increase to the SBC.¹⁶

Mr. Kearns stated the Plan demonstrates Pascoag's commitment to delivering high quality effective energy efficiency and continued program improvements. He expressed that the energy

¹³ *Id.* at 23-26.

¹⁴ *Id.* at 26-27.

¹⁵ Kearns Letter at 1-2 (Dec. 2, 2022).

¹⁶ *Id.* at 1.

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 survey revealed overwhelming support of its residential weatherization program and its engagement in community activities.¹⁷

Mr. Kearns 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 (RGGI) funds to Pascoag and has committed to doing so in 2023. He applauded Pascoag's efforts to align its programs with the state's energy goals. Mr. Kearns concluded by expressing that OER is confident Pascoag's customers will realize substantial energy, economic, and environmental benefits from the programs offered through its 2023 DSM Plan and requested the Commission to approve the Plan as filed.¹⁸

IV. Division of Public Utilities and Carriers

On December 9, 2022, the Division filed a memorandum of Joel Munoz, a rate analyst, recommending the Commission approve Pascoag's Plan. Mr. Munoz reiterated the information provided in Pascoag's filing. He noted the 6% decrease in what was budgeted and approved last year in Docket No. 5195. Discussing Pascoag's requested increase of 1 mil to the SBC, Mr. Munoz stated that the request would result in customers paying \$0.50 per month more than the current \$1.00 charge and increase Pascoag's revenue collected from customers for its DSM programs by \$54,000 in 2023. He noted that by 2024, the RGGI money that Pascoag has received from OER

¹⁷ *Id.*

¹⁸ *Id.* at 2.

will be exhausted. Lastly, he noted that Pascoag proposed realigning program spending with sector SBC contributions which results in a decrease in residential program funding.¹⁹

Mr. Munoz represented that the Division supports Pascoag's request for alignment of funding based on SBC contributions by sector, finding it equitable and more symmetrical and synchronized with what sectors are contributing into the DSM plan. The Division expressed concern with the funding of the DSM program beyond 2023. It commended Pascoag on the work it has done to maintain its audit and weatherization programs throughout the pandemic. Now that the Burrillville School Department is eligible for technical and financial assistance through the Public School LED Lighting Accelerator program and with OER's help, the Division noted that Pascoag is confident that the Burrillville School LED project will move forward. It found that although the majority of benefits generated by the weatherization program favor heating savings, the long-term energy savings associated with weatherizing a residence last for decades. It pointed out that the energy audits and weatherization further the goals of the Act on Climate.²⁰

Noting that Pascoag is a not-for-profit utility, does not receive any incentives, relies on its close relationship with customers, and understands what its customers demand, which are currently residential energy audits and weatherization measures and commercial and industrial lighting projects, Mr. Munoz stated that Pascoag's customers benefit from its DSM programs, even if such benefits are indirect or societal and those benefits stay within the utility's service area. The Division recommended approval of the request to increase the SBC charge by 1 mill to 3 mills per kWh finding that need for Pascoag's programs exist and are warranted.²¹

¹⁹ Munoz Mem. at 1-2 (Dec. 9 2022).

²⁰ *Id.* at 2-3.

²¹ *Id.* at 3.

Hearing and Decision

At the December 19, 2022 hearing, Desarae Dolan, Pascoag's DSM Coordinator, testified in support of the District's proposed 2023 DSM Program. She summarized the highlights of the filing noting most of the programs remained the same. She pointed out an increase to the residential energy audits and weatherization program activity noting that Pascoag completed 73 energy audits and 25 residential weatherization programs. She testified that Pascoag had reallocated some funds to the residential HVAC and Water Heater program in response to a large increase in activity in that program.²²

Ms. Dolan noted that the District was able to participate in a number of community events in 2022. She discussed the survey conducted by Pascoag of its customers and expressed that it was extremely pleased with the 480 person response. Regarding the Earth Day Poster contest, she stated that the number of advertisers had increased from last year which contributed about \$750 to the cost of the calendars. When asked, Ms. Dolan responded that she was unaware of any additional RGGI money that would be allocated to Pascoag after 2024.²³

When questioned about Pascoag's efforts to reach out to electric resistance heating customers, Ms. Dolan explained her efforts to engage with the association of a 24 unit condominium building and the District's intention to continue such efforts. She noted that the customers who have installed mini splits and air source heat pumps are experiencing significant savings because Pascoag's rates are much lower than the cost of home fuel oil. She testified that approximately twelve customers have converted this past year.²⁴

²² Hr'g at 13-14 (Dec.19, 2022).

²³ *Id.* at 14-16.

²⁴ *Id.* at 19-25. *See also* PUC 1-2.

At the Open Meeting on December 20, 2022, the Commission unanimously approved Pascoag's 2023 DSM Plan and associated budget and revised tariff. 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.

The Commission observes that Pascoag has continued to provide responsive service to its customers, taking the initiative to review and improve its programs and ensuring that all customers are aware of and have the opportunity to benefit from its programs.

The Commission also asked that Pascoag file its 2024 plan by November 1, 2023.

Accordingly, it is hereby

(24622) ORDERED:

1. Pascoag Utility District's 2023 Demand Side Management Programs and associated budget are approved.
2. A factor of \$0.0033 per kilowatt-hour is hereby approved in accordance with R.I. Gen. Laws §39-2-1.2, with \$0.003 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 Commerce Corporation for renewable energy programs. This rate shall apply to energy consumed on or after January 1, 2023.
3. Pascoag Utility District's Revised Demand Side Management Tariff filed November 29, 2022 is approved.

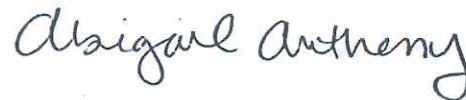
4. Pascoag shall make its 2024 DSM Filing no later than November 1, 2023.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2023 PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 20, 2022. WRITTEN ORDER ISSUED MARCH 7, 2023.

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.