



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
89 Jefferson Boulevard
Warwick, Rhode Island 02888
(401) 941-4500
(401) 941-9248 – Fax

**To: Stephanie De La Rosa, Commission Clerk
Rhode Island Public Utilities Commission**

**From: Joel Munoz, Assistant to the Chief Accountant
Division of Public Utilities & Carriers**

Date: December 5, 2024

**Re: R.I.P.U.C. Docket No. 24-43-EE
Pascoag Utility District 2025 Demand Side Management Plan**

On November 8, 2024, Pascoag Utility District (“Pascoag” or the “Utility”) filed with the Public Utilities Commission (“Commission”) its annual Demand Side Management (“DSM”) plan filing, the 2025 DSM Plan, with a proposed budget of \$209,286. The proposed budget includes an actual/estimated carryover of \$46,434, plus \$162,852 in estimated sales for 2024/2025.

Background

In the last two filings, the 2023 DSM Plan (Docket No.22-40-EE) and the 2024 DSM Plan (Docket No.23-41-EE), the Utility, after 25 years, requested and was granted an increase of 1 mil per kWh (\$0.001) to the System Benefit Charge (“SBC”), an increase from 2 mil per kWh (\$0.002) to 3 mil per kWh (\$0.003). The Division supported the Utility’s requests to increase the SBC by \$0.001 both times because Pascoag supported the need for the funding by showing that the demand for the programs existed and an increase in the SBC was warranted.

Budget Review

In its 2025 DSM Plan, Pascoag is not proposing any changes to the current SBC charge of 3 mils per kWh. The following tables provide a comparison of funding sources for the proposed 2025 Plan to the two prior years.

Table 1: DSM Plan Budgets Comparison 2023-2025

DSM Plan Year	2023	2024	(Proposed) 2025
Budget	\$216,777	\$240,298 ¹	\$209,286
Carryover Previous Year	\$19,035	\$15,383	\$46,434
RGGI Funds	\$35,700	\$9,054	\$0
Estimated Sales	\$162,042	\$161,601	\$162,852
SBC per kWh	\$0.003	\$0.003	\$0.003
Monthly Cost (500 kWh user)	\$1.50	\$1.50	\$1.50

Table 2: DSM Plan Budgets Comparison by Sector

DSM Plan Year	2023	2024	(Proposed) 2025
Residential	\$99,217	\$87,700	\$82,700
Commercial & Industrial	\$65,460	\$103,589	\$77,586
Administrative Costs	\$33,000	\$33,000	\$33,000
Community Outreach, Marketing & Education Costs	\$19,100	\$16,000	\$16,000

Residential Program Review

In essence, the Residential Program is a weatherization program that provides long-term benefits and system benefits as residential customers electrify. In 2021, Pascoag completed 78 energy audits and weatherized 27 residential homes. In 2022, Pascoag completed 61 energy audits and weatherized 16 residential homes. In 2023, Pascoag completed 44 energy audits and weatherized approximately 20 homes. In 2024, Pascoag completed 44 energy audits and weatherized 9 homes through October, with another 9 currently working with the Utility to weatherize before the end of the year. The budget allocation for the 2025 DSM Plan targets 50 energy audits and includes funding for insulation, bulb installations, and programmable thermostats. Based on historical data, the Division is confident that the Pascoag will meet its target.

The Residential Program also provides incentives for customers to electrify their heating and hot water through its HVAC and Water Heater programs, offering incentives for ducted and ductless mini-splits, central heat pumps, and heat pump water heaters. It is worth noting that the Enhanced Incentive Heat Pump Pilot Program, which has been in existence for the past three previous plan years and has had limited success, has now been consolidated into the HVAC and Water Heater Program because it allows Pascoag more flexibility to focus resources more efficiently.

¹ The proposed 2024 DSM Plan budget included \$54,260 of earmarked, carry-over monies for lighting projects from the 2023 DSM Plan.

Commercial & Industrial Program Review

On the commercial and industrial side, Pascoag proposes expanding its Small Business ENERGY STAR Offerings to mirror the incentives offered under the Residential ENERGY STAR program. Previously, the Utility offered a 10% rebate, up to \$350, on ENERGY STAR-certified, commercial-grade appliances and equipment but participation was historically low. Pascoag now proposes to increase the rebate to 50% with a cap of \$1,000 per appliance. This line item has increased over last year by 1150%, which at first glance appears astronomically high.² However, when considering that last year the line item for Small Business ENERGY STAR offering was merely \$1,200, the \$15,000 amount proposed for this year's plan is not egregious. The Division supports this adjustment as a reasonable means to make the program more appealing to customers.

In 2024, two large lighting projects were completed or are slated for completion by the end of the year, specifically the Zambarano Hospital and the Burrillville High School/Hauser Field projects. The Utility has also been active in reaching out to its Commercial & Industrial ("C&I") customers to promote lighting and other EE projects, though not all have followed through for various reasons. However, the Division encourages Pascoag to continue compiling its contact list and continue reaching out to its C&I customers to promote energy efficiency projects, and to circle back and stay in contact with the Bayberry Nursing Home, Overlook Nursing Home and Rehabilitation Center, and the Wallum Lake Rod & Gun Club.

Miscellaneous Costs

Pascoag's administrative expenses, consultant fees, and community outreach, marketing and education expense are consistent with previous years and should remain supported with necessary funding.

LED Streetlights

In its Memorandum last year, the Division informed the Commission the DSM Program anticipated paying off the LED streetlighting loans in the next three to five years.³ The Division supports Pascoag proposed increase to this line item so that it may provide a final reimbursement payment and close the line item out going forward.

Recommendation

Pascoag continues to rely on its historically close relationship with its customers and understands what their customers demand. Pascoag customers continue to demand energy audits and weatherization measures on the residential side, and demanding lighting projects on the commercial and industrial side. The benefits of having more efficient lighting in its retirement homes and facilities, apartment complexes, schools, and local businesses will benefit Pascoag

² 2025 DSM Plan filing at Page 3, Schedule A-2.

³ Division's Memorandum at Page 3. <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-12/2341EE%20-%20Div.%20Memo%2012.6.23.pdf>

ratepayers, even indirectly or in a societal sense. These benefits stay within Pascoag's territory and for the benefit of its customer base.

For all the aforementioned reasons, the Division supports the Utility's 2025 DSM Plan filing and recommends that the Commission approve the plan as filed.