

April 30, 2007

**VIA HAND DELIVERY & ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 3701– 2006 National Grid Demand-Side Management Programs, Electric Operations 2006 Year-End Report**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's<sup>1</sup> Electric Demand-Side Management ("DSM") Programs 2006 Year-End Report, pursuant to the Settlement of the Parties ("Settlement") approved by the Commission in Order No. 18516 (January 26, 2006). This report describes the actual year-end results of the Company's 2006 DSM programs. A copy of this report has also been provided to the parties in this proceeding.

Thank you for your attention to our filing. Please feel free to contact me if you have any questions regarding this matter at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3701 Service List  
RI Collaborative Members (w/attachments)

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<sup>1</sup> Submitted on behalf of The Narragansett Electric Company, d/b/a National Grid ("Company").

The Narragansett Electric Company  
d/b/a National Grid

2006 Electric Demand-Side Management  
Programs

## 2006 Year-End Report

May 1, 2007

Submitted to:  
Rhode Island Public Utilities Commission  
RIPUC Docket No. 3701

**nationalgrid**

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# National Grid

## 2006 DSM Year-End Report

### Introduction

This report summarizes the results of The Narragansett Electric Company's, d/b/a National Grid (Company's), commercial and industrial (C&I) and residential demand-side management (DSM, or energy efficiency) program efforts in 2006. These programs are described more fully in the "Settlement of the Parties," filed October 14, 2005, and approved by the Rhode Island Public Utilities Commission in Order No. 18516, issued January 26, 2006.

For the 2006 DSM program year, the Company established a goal, adjusted by year-end evaluation results, to achieve 10,061 kW in annual demand savings and 63,466 MWh of annual energy savings. By year-end 2006, the Company achieved annual demand savings of 10,703 kW and 70,650 annual MWh energy savings. These results were achieved at a benefit/cost ratio of 4.03.

The chart below summarizes year-end program expenditures compared to budgeted amounts.

Budget vs. Expenditures, 2006		
	True-Up Budget, \$Million <sup>1</sup>	Year-End Spending, \$Million <sup>2</sup>
Total Expenditures and Commitments <sup>3</sup>	\$22.4	\$23.7
Total Expenditures, excluding Commitments	\$17.7	\$19.4
Total Implementation Expenses, residential and C&I programs <sup>4</sup>	\$16.2	\$17.4

As seen above, the Company spent \$17.4 million in 2006 on the residential and commercial and industrial (C&I) DSM programs, which began to generate energy savings in 2006. The

<sup>1</sup> True-Up Budget is Total Budgeted Expenditures and Commitments from the True-Up Filing in Docket 3701, filed May 31, 2006, Updated Attachment 6, page 2 of 2.

<sup>2</sup> Year-End Spending is actual spending in 2006.

<sup>3</sup> Total Expenditures and Commitments includes all DSM program-related expenses, including rebates, administration and general expenses (A&G), evaluation, expenses to be repaid by customer co-payments, commitments for future years, and Company incentive.

<sup>4</sup> Total Implementation Expenses are net of the co-payment amounts paid directly by Small Business Program participants and paid by Large C&I customers for technical assistance. Implementation expenses also exclude evaluation expenses, and the Company's incentive. See Table 1 notes for details on co-payments and Table 3 for details on the evaluation expenses and incentive.

Company also made \$4.3 million in commitments for future projects in the Large C&I programs.

Table 1 summarizes the 2006 year-end performance for all of the DSM programs compared with annual goals and approved budgets. Overall, the programs achieved approximately 111% of targeted annual energy savings and 106% of targeted annual kW savings, while using 108% of the implementation budget for the DSM programs.

Table 2 summarizes the value created by the projected lifetime MWh and kW-year savings from the 2006 DSM programs. The programs created \$74.5 million in total value. The total value created stems from \$64.5 million in electricity savings and \$10.0 million from other participant resource savings, such as fossil fuel and water.

Table 3 provides the Rhode Island benefit/cost (B/C) ratios for the residential and C&I programs. The B/C ratios incorporate the total value, implementation expenses, evaluation costs and shareholder incentive resulting from the Company's implementation of the programs during 2006. Overall, the B/C ratio for the portfolio of energy efficiency programs implemented in 2006 is 4.03.

Table 4 documents that the Company has earned \$760,623 for the successful implementation of its energy efficiency programs in 2006. The Company earned \$727,223 through the energy savings portion of the incentive mechanism. This exceeds the target savings incentive of \$646,627 due to the Company's exceeding the kWh savings goal in 2006. The Company further earned \$33,400 from fully meeting one performance metric target, and partially meeting a second performance metric target in 2006. The Company failed to meet threshold targets for two other performance metrics. Table 5 provides details on the metric performance.

The 2006 Year-End DSM fund balance of (\$708,687) is shown in Table 6. Table 7 summarizes the Company's C&I programs, and Table 8 summarizes the Company's residential programs. In addition to other factors, the overspending of the implementation budget contributes to the negative fund balance at year end.

## Commercial and Industrial Programs

In 2006, the C&I programs were cost-effective with an overall Rhode Island B/C ratio of 4.23. Descriptions of the C&I energy efficiency programs implemented in 2006 are contained in Table 7.

### Large Commercial and Industrial Programs

For the Large C&I programs, Energy Initiative and Design 2000plus, the Company achieved 107% of the targeted annual energy savings and 105% of targeted annual kW savings while spending 106% of the implementation budget. The Rhode Island B/C ratio for the Large C&I programs was 5.31.

The total amount of spending in 2006 plus outstanding commitments at year-end was \$11.3 million, which is 100% of the final 2006 spending and commitment budget of \$11.3 million. This indicates that the overspending in this sector 2006 was offset by a reduction in commitments carrying into 2007 relative to the budget.

## Small Commercial and Industrial Programs

The Company offered its Small Business Services (SBS) Program to the Small Commercial and Industrial sector. The Company spent 113% of the SBS implementation budget and achieved 113% of targeted annual energy savings and 109% of targeted annual kW savings. The SBS program achieved a Rhode Island B/C ratio of 2.35.

## Load Response Program

In 2006, the Company completed 12 demand response audits, and at year end 11 additional audits were in progress. The focus of the 2006 audits included both economic (price response) programs and reliability programs such as the targeted demand response and the real time demand response programs. The Company also began discussing with customers the impacts from ISO-New England's new forward capacity market on available demand response programs.

At year end 2006, there were about 135 Rhode Island customers participating in the voluntary price response program through National Grid. All of these customers earned credits from their participation in ISO-NE's programs. During 2006 about 20 of those customers also enrolled in the Company's targeted demand response program offered in southwest Rhode Island. The aggregate performance of those 20 customers during events the Company initiated on August 2nd and 3rd was very good, with a peak hourly reduction of 2,880 kW, as compared to enrollments of just 1,950 kW.

## Residential Programs

In 2006, the residential DSM programs were cost-effective with an overall Rhode Island B/C ratio of 3.67. The Company spent approximately 107% of the residential implementation budget and achieved 118% of targeted annual energy savings and 110% of targeted annual kW savings. Descriptions of the 2006 residential energy efficiency programs are contained in Table 8.

NATIONAL GRID

Table 1. Summary of 2006 Target and Year End Results

Sector and Program	(1) Demand Reduction (Annual kW)				(5) Energy Savings (Annual MWh)				(9) Customer Participation			(12) Implementation Expenses (\$ 000)		
	Approved Target	Adjusted Target	Year End	Pct Achieved	Approved Target	Adjusted Target	Year End	Pct Achieved	Approved Target	Year End	Pct Achieved	Approved Budget	Year End	Pct Achieved
<b>Large Commercial and Industrial</b>														
Design 2000plus	2,016	2,156	1,696	78.7%	9,625	10,686	8,326	77.9%	196	136	69.4%	\$2,729.0	\$2,339.5	85.7%
Energy Initiative	3,896	3,997	4,731	118.4%	24,538	24,565	29,498	120.1%	254	192	75.6%	3,842.5	4,615.9	120.1%
<b>SUBTOTAL</b>	<b>5,912</b>	<b>6,153</b>	<b>6,427</b>	<b>104.5%</b>	<b>34,163</b>	<b>35,251</b>	<b>37,824</b>	<b>107.3%</b>	<b>450</b>	<b>328</b>	<b>72.9%</b>	<b>\$6,571.5</b>	<b>\$6,955.4</b>	<b>105.8%</b>
<b>Small Commercial and Industrial</b>														
Small Business Services	1,962	1,990	2,160	108.5%	8,234	8,233	9,297	112.9%	491	563	114.7%	\$3,592.1	\$4,061.8	113.1%
<b>SUBTOTAL</b>	<b>1,962</b>	<b>1,990</b>	<b>2,160</b>	<b>108.5%</b>	<b>8,234</b>	<b>8,233</b>	<b>9,297</b>	<b>112.9%</b>	<b>491</b>	<b>563</b>	<b>114.7%</b>	<b>\$3,592.1</b>	<b>\$4,061.8</b>	<b>113.1%</b>
<b>Residential</b>														
EnergyWise	350	330	345	104.5%	3,587	3,355	3,408	101.6%	4,980	4,458	89.5%	1,888.4	\$2,018.6	106.9%
Single Family Low Income Services	127	127	128	101.1%	1,038	1,038	1,227	118.2%	967	1,113	115.1%	1,684.4	1,922.5	114.1%
ENERGY STAR @ Appliances	331	377	358	94.9%	924	1,106	1,468	132.7%	5,800	6,224	107.3%	345.3	319.5	92.5%
ENERGY STAR @ Heating Program	0	0	0	0.0%	10	10	10	101.9%	480	489	101.9%	109.8	101.0	92.0%
ENERGY STAR @ Central A/C Program	94	94	28	29.6%	58	58	17	28.3%	343	116	33.8%	174.9	118.7	67.9%
ENERGY STAR @ Lighting	870	870	1,022	117.5%	13,640	13,640	16,076	117.9%	57,696	52,119	90.3%	780.6	760.4	97.4%
ENERGY STAR @ Homes	119	119	235	197.0%	774	774	1,323	171.0%	500	610	n/a	988.0	1,112.3	112.6%
Energy Efficiency Education Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48.6	55.9	115.1%
<b>SUBTOTAL</b>	<b>1,892</b>	<b>1,918</b>	<b>2,116</b>	<b>110.4%</b>	<b>20,030</b>	<b>19,981</b>	<b>23,529</b>	<b>117.8%</b>	<b>70,766</b>	<b>65,129</b>	<b>92.0%</b>	<b>\$6,020.1</b>	<b>\$6,409.0</b>	<b>106.5%</b>
<b>TOTAL</b>	<b>9,765</b>	<b>10,061</b>	<b>10,703</b>	<b>106.4%</b>	<b>62,427</b>	<b>63,466</b>	<b>70,650</b>	<b>111.3%</b>	<b>71,707</b>	<b>66,020</b>	<b>92.1%</b>	<b>\$16,183.7</b>	<b>\$17,426.3</b>	<b>107.7%</b>

NOTES

- (1) Approved Target from 2006 True-Up, Updated Attachment 10 page 2 of 3, Summer kW.
- (2) Adjusted Target is Column (1) adjusted for evaluation results at 2005 Year End.
- (4) Pct Achieved is Column (3)/ Column (2).
- (5) Approved Target from 2006 True-Up, Updated Attachment 10 page 2 of 3, Maximum Annual MWh Saved.
- (6) Adjusted Target is Column (5) adjusted for evaluation results at 2005 Year End.
- (8) Pct Achieved is Column (7)/ Column (6).
- (9), (10) Customer Participation in 2006 defined as completed projects in Approved Target and Year To Date, except for C&I Year To Date participants, which are counted as unique customer participants from the DSM Tracking System. There were 248 Energy Initiative applications, 189 Design 2000 applications, and 692 SBS Applications
- (11) Pct Achieved is Column (10)/ Column (9).
- (12) Approved Budget from 2006 True-Up, Updated Attachment 10, page 1 of 3.  
For Design 2000plus and Energy Initiative this excludes estimated commitment budget of \$1,132,700 for Design 2000 plus and \$2,648,000 for Energy Initiative, respectively.  
For Small Business Services, this is net of expected copayments of \$706,251.
- (14) Year To Date Implementation Expenses are net of evaluation expenses, commitments, and copayments for Small Business Services projects and Technical Assistance.  
Actual evaluation expenses were \$317,700 as shown in table 3.  
Actual commitments made in 2006 for 2007 were \$4,337,251.  
Customer copayments for Small Business Services were \$787,515 and for Technical Assistance \$59,982.
- (15) Pct Achieved is Column (14)/ Column (12).

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**Table 2. Summary of Value, kW, and kWh by Program  
2006 Program Year**

	Value (000's)						Load Reduction in kW				MWh Saved	
	Total	Capacity	Energy		MDC	Participant Resource	Maximum Annual (1)	Winter	Summer	Lifetime	Annual (1)	Lifetime
			On Peak	Off Peak								
<b>Large Commercial and Industrial</b>												
Design 2000 <i>plus</i>	\$10,950	\$2,602	\$4,157	\$2,980	\$1,211	\$0	1,696	955	1,696	28,079	8,326	136,946
Energy Initiative	\$28,724	\$5,582	\$14,084	\$6,399	\$2,659	\$0	4,731	3,342	4,731	59,332	29,498	371,494
<b>SUBTOTAL</b>	<b>\$39,673</b>	<b>\$8,184</b>	<b>\$18,241</b>	<b>\$9,379</b>	<b>\$3,870</b>	<b>\$0</b>	<b>6,427</b>	<b>4,297</b>	<b>6,427</b>	<b>87,411</b>	<b>37,824</b>	<b>508,440</b>
<b>Small Commercial and Industrial</b>												
Small Business Services	\$10,088	\$2,450	\$5,212	\$1,254	\$1,172	\$0	2,160	1,103	2,160	26,115	9,297	112,961
<b>SUBTOTAL</b>	<b>\$10,088</b>	<b>\$2,450</b>	<b>\$5,212</b>	<b>\$1,254</b>	<b>\$1,172</b>	<b>\$0</b>	<b>2,160</b>	<b>1,103</b>	<b>2,160</b>	<b>26,115</b>	<b>9,297</b>	<b>112,961</b>
<b>Residential</b>												
EnergyWise	\$2,969	\$386	\$966	\$1,124	\$241	\$252	345	872	345	3,633	3,408	39,027
Single Family Low Income Services	\$3,220	\$204	\$407	\$473	\$120	\$2,016	128	253	128	1,859	1,227	16,854
ENERGY STAR @ Appliances	\$6,797	\$517	\$490	\$569	\$310	\$4,911	358	235	358	4,696	1,468	20,405
ENERGY STAR @ Heating Program	\$612	\$0	\$3	\$3	\$0	\$606	0	5	0	1	10	117
ENERGY STAR @ Central A/C Program	\$99	\$54	\$11	\$3	\$30	\$0	28	0	28	479	17	285
ENERGY STAR @ Lighting	\$7,273	\$729	\$2,812	\$3,279	\$453	\$0	1,022	4,046	1,022	6,490	16,076	101,235
ENERGY STAR @ Homes	\$3,785	\$477	\$340	\$395	\$280	\$2,293	235	304	235	4,600	1,323	13,487
Energy Efficiency Education Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>SUBTOTAL</b>	<b>\$24,755</b>	<b>\$2,368</b>	<b>\$5,029</b>	<b>\$5,846</b>	<b>\$1,434</b>	<b>\$10,077</b>	<b>2,116</b>	<b>5,715</b>	<b>2,116</b>	<b>21,758</b>	<b>23,529</b>	<b>191,410</b>
<b>TOTAL</b>	<b>\$74,516</b>	<b>\$13,002</b>	<b>\$28,481</b>	<b>\$16,480</b>	<b>\$6,476</b>	<b>\$10,077</b>	<b>10,703</b>	<b>11,115</b>	<b>10,703</b>	<b>135,284</b>	<b>70,650</b>	<b>812,811</b>

(1) From Table 1.



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**Table 3. Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs (\$000's)  
2006 Program Year**

	Rhode Island Benefit/Cost (1)	Value Total (2)	Implementation Expenses (3)	Evaluation Cost(4)	Shareholder Incentives (5)
<b>Large Commercial and Industrial</b>					
Design 2000 <i>plus</i> (4)	4.46	\$10,949.6	\$2,339.5	\$114.8	N/A
Energy Initiative (4)	6.07	28,723.9	4,615.9	112.3	N/A
<b>SUBTOTAL</b>	<b>5.31</b>	<b>\$39,673.5</b>	<b>\$6,955.4</b>	<b>\$227.1</b>	<b>\$291.1</b>
<b>Small Commercial and Industrial</b>					
Small Business Services (4)	2.46	10,088.2	4,061.8	44.3	N/A
<b>SUBTOTAL</b>	<b>2.35</b>	<b>\$10,088.2</b>	<b>\$4,061.8</b>	<b>\$44.3</b>	<b>\$187.0</b>
<b>SUBTOTAL C&amp;I</b>	<b>4.23</b>	<b>\$49,761.7</b>	<b>\$11,017.2</b>	<b>\$271.3</b>	<b>\$478.1</b>
<b>Residential</b>					
EnergyWise	1.5	2,968.8	2,018.6	22.6	N/A
Single Family Low Income Services	1.7	3,219.6	1,922.5	0.0	N/A
ENERGY STAR ® Appliances	21.3	6,797.5	319.5	0.0	N/A
ENERGY STAR ® Heating Program	6.1	612.4	101.0	0.0	N/A
ENERGY STAR ® Central A/C Program	0.7	99.1	118.7	22.5	N/A
ENERGY STAR ® Lighting	9.6	7,272.7	760.4	0.2	N/A
ENERGY STAR ® Homes	3.40	\$3,784.6	1,112.3	1.1	N/A
Energy Efficiency Education Programs	n/a	n/a	55.9	0.0	N/A
<b>SUBTOTAL RESIDENTIAL</b>	<b>3.67</b>	<b>\$24,754.5</b>	<b>\$6,409.0</b>	<b>\$46.4</b>	<b>\$282.5</b>
<b>TOTAL</b>	<b>4.03</b>	<b>\$74,516.3</b>	<b>\$17,426.3</b>	<b>\$317.7</b>	<b>\$760.6</b>

Notes:

- (1) RI Benefit/Cost = Value/(Implementation Expenses + Evaluation Cost + Shareholder Incentives).
- (2) Year-End Value Total from Table 2.
- (3) Year-End Implementation Expenses by Program from Table 1.
- (4) National Grid's evaluation cost including staff labor costs and outside contractor services.  
Other program design, evaluation, and planning expenses have been allocated to each program.
- (5) Shareholder incentives earned by sectors from Table 4.

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**Table 4. National Grid 2006 DSM Incentive Calculation**

Incentive Rate: 4.40%

	(1)	(2)	(3)	(4)	(5)	(5a)	(6)	(7)
Sector	Spending Budget	Target Incentive	Target Incentive for Performance Metrics	Target Incentive - Annual kWh Savings	Annual kWh Savings Goal (True-up Filing)	Adjusted Annual kWh Savings Goal	Threshold kWh Savings	Target Incentive per kWh
Residential	\$6,126,943	\$259,905	\$20,000	\$239,905	20,030,184	19,980,939	11,988,564	\$0.012
Small Commercial & Industrial	\$3,777,821	\$167,923	\$20,000	\$147,923	8,233,953	8,233,461	4,940,077	\$0.018
Large Commercial & Industrial	\$6,609,488	\$298,799	\$40,000	\$258,799	34,162,513	35,251,458	21,150,875	\$0.007
<b>Total</b>	<b>\$16,514,253</b>	<b>\$726,627</b>	<b>\$80,000</b>	<b>\$646,627</b>	<b>62,426,650</b>	<b>63,465,859</b>		

	(8)	(9)	(10)	(11)	(12)	(13)
Sector	Actual kWh	% of Target Savings	Savings Eligible for Incentive	Earned Savings Incentive	Earned Metric Incentive	Total Earned Incentive
Residential	23,528,677	118%	23,528,677	\$282,501	\$0	\$282,501
Small Commercial & Industrial	9,297,155	113%	9,297,155	\$167,034	\$20,000	\$187,034
Large Commercial & Industrial	37,824,398	107%	37,824,398	\$277,688	\$13,400	\$291,088
<b>Total</b>	<b>70,650,230</b>			<b>\$727,223</b>	<b>\$33,400</b>	<b>\$760,623</b>

- Column 1: Spending Budget from May 31, 2006, filing in Docket 3701 ("True-Up Filing"), Updated Attachment 9. Excludes the following: Energy Initiative and Design 2000*plus* commitments; and Small Business Services co-payments expected to be received in 2006.
- Column 2: Column 1 \* Incentive Rate
- Column 3: \$20,000 per proposed performance metric.
- Column 4: Column (2) - Column (3) allocated to each sector based on the sector Spending Budget.
- Column 5: Annual MWh Approved Targets by Sector from Table 1, Column (4).
- Column 5a: Annual MWh Adjusted Target by Sector from Table 1, Column (4a).
- Column 6: Column 5a \* 0.60 (60% Threshold).
- Column 7: Column 4 / Column 5a
- Column 8: Year End Savings from Table 1, Column (5)
- Column 9: Column 8 / Column 5a
- Column 10: If Column 9 is less than 60%, Column 10 = 0,  
If Column 9 is between 60% and 125%, Column 10 = Column 8;  
If Column 9 is greater than 125%, Column 10 = 125% of Column 5 due to the incentive cap.
- Column 11: Column 10 \* Column 7
- Column 12: As documented in Table 5
- Column 13: Column 11 + Column 12

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Table 5. 2006 Performance Metrics

Metric	Description	Threshold		Target	2006 Results	Actual	Incentive
<b>EnergyWise Targeting</b>							
Residential Metric 1:	The Company will actively offer EnergyWise services to the approximately 10,000 customers who (a) are not low income, (b) who have previously been shut-off for non-payment over the past three years, and (c) have not previously participated in the EnergyWise program. The Company will serve 100 more customers from this group than it served in 2005.	116		216	The Company served 91 of the targeted customers with EnergyWise services in 2006.	91	\$0
		\$13,400		\$20,000			
<b>C&amp;I Benchmarking</b>							
C& I Metric 1:	In 2006, the Company will benchmark the energy use of large C&I customers to assist them in setting priorities and promote the installation of energy efficiency measures in their facilities. Delivery of this benchmarking service will be the basis for creation of and commitment by the Company to applications for incentive payments from 12 different large C&I customer facilities.	8		12	Applications for energy efficiency projects were created for 8 different large C&I buildings in 2006, following benchmarking activities.	8	\$13,400
		\$13,400		\$20,000			
<b>High Performance Schools</b>							
C&I Metric 2:	The Company will contract with new public or private school projects through Design 2000plus to provide full incremental cost for high performance design and construction practices with a special focus on high quality energy efficient lighting. It shall contract with 2 schools more than it contracted with in 2005.	1	2	3	The Company signed a high performance school contract with 0 schools in 2006	0	\$0
		\$13,400	\$16,700	\$20,000			
<b>Comprehensiveness in Small Business Installations</b>							
C&I Metric 3:	The Company will achieve 2 percentage points greater comprehensiveness in Small Business Services in 2006 than it achieved in 2005. The percentage will be calculated as the number of completed non prescriptive lighting or other custom energy efficiency applications (excluding custom walk-in cooler applications) divided by the total number of applications (excluding walk-in cooler applications) in 2006.	7%		9%	For 2006, the Company completed 60 custom applications and had 612 non-cooler applications. We thus achieved a comprehensiveness measure of 60/612 = 9.8%.	9.8%	\$20,000
		\$13,400		\$20,000			

TABLE 6

Date:

26-Jan-07

**NARRAGANSETT ELECTRIC COMPANY**  
**DEMAND - SIDE MANAGEMENT ADJUSTMENT AND BALANCE**  
 12 Months Actual , 0 Months Estimated 2006

Total C&LM Revenue/Expense for Jan-Dec 2006

	<u>Actual</u> <u>JAN</u>	<u>Actual</u> <u>FEB</u>	<u>Actual</u> <u>MAR</u>	<u>Actual</u> <u>APRIL</u>	<u>Actual</u> <u>MAY</u>	<u>Actual</u> <u>JUNE</u>	<u>6MTHS</u> <u>Y.T.D</u>
Residential Revenue	\$578,426	\$481,420	\$518,093	\$435,164	\$393,272	\$447,006	\$2,853,383
Small C&I Revenue	\$468,672	\$244,759	\$378,967	\$332,595	\$338,180	\$357,579	\$2,120,751
Large C&I Revenue	<u>\$450,265</u>	<u>\$488,003</u>	<u>\$508,854</u>	<u>\$455,872</u>	<u>\$453,326</u>	<u>\$471,424</u>	<u>\$2,827,743</u>
1. TOTAL REVENUE (A)	\$1,497,363	\$1,214,182	\$1,405,915	\$1,223,631	\$1,184,778	\$1,276,009	\$7,801,877
Residential Expense	\$92,543	\$322,105	\$687,221	\$662,171	\$622,058	\$614,479	\$3,000,576
Small C&I Expense	(\$112,262)	\$376,302	\$531,138	\$292,687	\$352,823	\$332,936	\$1,773,623
Large C&I Expense	<u>\$285,916</u>	<u>\$545,024</u>	<u>\$787,202</u>	<u>\$399,662</u>	<u>\$848,317</u>	<u>\$786,613</u>	<u>\$3,652,734</u>
2. TOTAL EXPENSE (B)	\$266,196	\$1,243,431	\$2,005,562	\$1,354,520	\$1,823,197	\$1,734,027	\$8,426,933
3. Cash Flow Over/(Under)	\$1,231,167	(\$29,249)	(\$599,647)	(\$130,889)	(\$638,419)	(\$458,018)	(\$625,056)
4. Start of Period Balance (C)	\$5,389,302	\$6,656,798	\$6,669,062	\$6,109,383	\$6,017,528	\$5,416,765	\$5,389,302
5. End of Period Balance Before Interest	\$6,620,469	\$6,627,549	\$6,069,416	\$5,978,494	\$5,379,109	\$4,958,747	\$4,764,246
6. Residential Interest	(\$131)	\$1,880	\$1,869	\$656	(\$830)	(\$2,170)	\$1,273
Small C&I Interest	\$6,580	\$8,243	\$7,438	\$7,340	\$7,643	\$7,814	\$45,058
C&I Interest	<u>\$29,881</u>	<u>\$31,391</u>	<u>\$30,661</u>	<u>\$31,037</u>	<u>\$30,844</u>	<u>\$29,027</u>	<u>\$182,840</u>
TOTAL INTEREST (D)	\$36,330	\$41,514	\$39,967	\$39,034	\$37,656	\$34,672	\$229,172
7. End of Period Balance After Interest	\$6,656,798	\$6,669,062	\$6,109,383	\$6,017,528	\$5,416,765	\$4,993,418	\$4,993,418
	<u>Actual</u> <u>JULY</u>	<u>Actual</u> <u>AUG</u>	<u>Actual</u> <u>SEPT</u>	<u>Actual</u> <u>OCT</u>	<u>Actual</u> <u>NOV</u>	<u>Actual</u> <u>DEC</u>	<u>ANNUAL</u> <u>TOTAL</u>
Residential Revenue	\$596,754	\$697,104	\$517,330	\$430,752	\$429,378	\$515,898	\$6,040,598
Small C&I Revenue	\$382,126	\$394,898	\$416,087	\$345,484	\$341,689	\$370,787	\$4,371,821
Large C&I Revenue	<u>\$534,664</u>	<u>\$568,241</u>	<u>\$529,444</u>	<u>\$469,754</u>	<u>\$443,764</u>	<u>\$505,459</u>	<u>\$5,879,070</u>
8. TOTAL REVENUE (A)	\$1,513,543	\$1,660,243	\$1,462,861	\$1,245,990	\$1,214,831	\$1,392,144	\$16,291,489
Residential Expense	\$426,365	\$502,650	\$451,487	\$30,991	\$1,011,755	\$1,031,573	\$6,455,397
Small C&I Expense	\$227,712	(\$20,358)	\$209,776	\$638,698	\$786,244	\$466,507	\$4,082,203
Large C&I Expense	<u>\$362,123</u>	<u>\$710,081</u>	<u>\$876,614</u>	<u>\$145,897</u>	<u>\$875,844</u>	<u>\$590,321</u>	<u>\$7,213,613</u>
9. TOTAL EXPENSE (B)	\$1,016,200	\$1,192,372	\$1,537,878	\$815,586	\$2,673,844	\$2,088,400	\$17,751,213
10. Cash Flow Over/(Under)	\$497,343	\$467,871	(\$75,017)	\$430,404	(\$1,459,013)	(\$696,256)	(\$1,459,724)
11. Start of Period Balance (C)	\$4,993,418	\$5,526,801	\$6,034,276	\$6,000,487	\$6,473,623	\$5,054,102	<b>\$5,389,302</b>
12. End of Period Balance Before Interest	\$5,490,761	\$5,994,671	\$5,959,259	\$6,430,891	\$5,014,611	\$4,357,845	\$3,929,578
13. Residential Interest	(\$2,237)	(\$998)	(\$110)	\$1,490	\$872	(\$2,896)	(\$2,605)
Small C&I Interest	\$8,707	\$10,726	\$12,936	\$12,726	\$10,278	\$8,491	\$108,922
C&I Interest	<u>\$29,569</u>	<u>\$29,877</u>	<u>\$28,402</u>	<u>\$28,517</u>	<u>\$28,341</u>	<u>\$26,759</u>	<u>\$354,305</u>
TOTAL INTEREST (D)	\$36,039	\$39,605	\$41,228	\$42,733	\$39,491	\$32,354	\$460,621
14. End of Period Balance After Interest	\$5,526,801	\$6,034,276	\$6,000,487	\$6,473,623	\$5,054,102	\$4,390,199	<b>\$4,390,199</b>
15. Residential Incentive							\$273,833
Small C&I Incentive							\$179,218
C&I Incentive							<u>\$308,584</u>
Total Incentives							\$761,635
15a. End of Period Balance (minus incentive)							<b>\$3,628,564</b>
15b. Commitments							\$4,337,251
15c. FUND BALANCE AT YEAR-END							(\$708,687)

(A) Revenue Report

(B) Source: PeopleSoft query

(C) "End of Period Balance Before Interest" from prior month.

Table 7: 2006 Commercial and Industrial DSM Programs

Program Name	Description
<b>Design 2000plus Program</b>	<p>Promotes energy efficient design and construction practices in new and renovated commercial, industrial, and institutional buildings. The program also promotes the installation of high efficiency equipment in existing facilities during building remodeling and at the time of equipment failure and replacement. Design 2000plus is known as a lost opportunities program because a customer who does not install energy efficient equipment at the time of new construction or equipment replacement will likely never make the investment for that equipment or will make the investment at a much greater cost at a later time.</p> <p>Design 2000plus provides both technical and design assistance to help customers identify efficiency opportunities in their new building designs and to help them refine their designs to pursue these opportunities. The program also offers rebates to eliminate or significantly reduce the incremental cost of high efficiency equipment over standard efficiency equipment. Commissioning or quality assurance is also offered to ensure that the equipment and systems operate as intended.</p>
<b>Energy Initiative Program</b>	<p>Energy Initiative is a comprehensive retrofit program designed to promote the installation of energy efficient electric equipment such as lighting, motors, and heating, ventilation and air conditioning (HVAC) systems in existing buildings. All commercial, industrial, and institutional customers are eligible to participate. The Company offers technical assistance to customers to help them identify cost-effective conservation opportunities, and pays rebates to assist in defraying part of the material and labor costs associated with the energy efficient equipment.</p>
<b>Small Business Services Program</b>	<p>The Small Business Services Program provides direct installation of energy efficient lighting and non-lighting retrofit measures. Customers with average monthly demand of less than 200 kW or annual energy usage of less than 300,000 kWh are eligible to participate. The program's lighting measures are delivered through one labor and one product vendor selected through a competitive bidding process. The labor vendor performs lighting analysis, installs measures, and inputs data into a database. Refrigeration measures are performed by a different vendor. These measures include cooler door heaters, fan controls, and freezer door heater controls. The customer pays 25% of the total cost of a retrofit. This amount is discounted 15% for a lump sum payment or the customer has the option of spreading the payments over a two-year period interest free.</p>

Table 8: 2006 Residential DSM Programs

Program Name	Description
<b>Single Family Low Income Services</b>	The low income program, marketed as the Appliance Management Program, is delivered by the State Energy Office and local Community Action agencies. It provides the same services as the EnergyWise program, described below, but no customer contribution is required for equipment installation.
<b>Energy Wise</b>	The EnergyWise program offers customers free home energy audits of their homes and information on their actual electric usage. Participants in this program receive financial incentives to replace inefficient lighting fixtures, appliances, thermostats, insulation levels and windows with models that are more energy efficient. The program addresses baseload electric use as well as electric heat in all residential buildings.
<b>ENERGY STAR Products</b>	Included in this initiative is the ENERGY STAR Appliance Program which promotes the purchase of high efficiency major appliances (refrigerators, dishwashers, clothes washers, room air conditioners, and dehumidifiers) that bear the ENERGY STAR Label. It is offered by several utilities throughout the region.
<b>ENERGY STAR Lighting</b>	This is an initiative implemented jointly with other regional utilities. It provides discounts to customers for the purchase of ENERGY STAR compact fluorescent lamps and fixtures through instant rebates, special promotions at retail stores, or a mail order catalog.
<b>ENERGY STAR Heating</b>	Homeowners purchasing or replacing an existing oil or propane heating system with a qualifying ENERGY STAR heating system are eligible to receive a rebate to defray the cost of the higher efficiency system. Funding is provided by the Company and administered by the State Energy Office.
<b>ENERGY STAR Central A/C</b>	This program promotes the installation of high efficiency central air conditioners. The program provides training of contractors in installation, testing of the high efficiency systems, tiered rebates for new ENERGY STAR systems, and incentives for checking existing systems.
<b>Information and Education</b>	The Company promotes energy education in schools through the National Energy Education Development (N.E.E.D) Program. This program provides curriculum materials and training for a comprehensive energy education program. The Company also supports the ENERGY STAR Homes Vocational School Initiative which trains students at the nine Rhode Island Career and Technical schools to be ENERGY STAR certified builders.
<b>New Construction</b>	The ENERGY STAR Homes Program promotes the construction of energy efficient homes by offering technical and marketing assistance, as well as cash incentives to builders of new energy efficient homes that comply with the program's performance standards.

## Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



**Joanne M. Scanlon**  
National Grid

April 30, 2007  
Date

**Narragansett Electric Co. – 2006 Demand Side Management – Dkt. 3701**  
**Service list as of 4/13/06**

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