

Memorandum

To: L. Massaro

Commission Clerk

From: D. R. Stearns

Rate Analyst, Division of Public Utilities & Carriers

Date: 12/01/2006

**Re: Pascoag Utility District 2007 Demand Side Management Program, RIPUC
Docket 3776**

On October 19, 2006 Pascoag Utility District (“Pascoag”, or “Company”) filed with the Commission a proposed Demand Side management (DSM) budget for calendar year 2007.

Pascoag’s proposed 2007 DSM budget totals \$147,000, a decrease of \$45,000 from the Company’s approved 2006 budget of \$192,000. This net decrease is the combined effect of:

- estimated carryover of funds from 2006 to 2007 of \$39,000 (\$46,000 less than the forecast carryover included in the 2006 filing; this estimate of \$39,000 will be trued up to the actual carry-over amount early in 2007); and
- forecast DSM revenue of \$108,000 (\$1,700 less than the 2006 DSM revenue forecast).

While Pascoag proposes to continue several 2006 DSM programs in 2007, increased funding is sought for some of the more successful programs, while reduced funding is proposed for programs that have proven to be less successful.

Pascoag will continue to work with Energy New England (ENE). ENE provides conservation services, energy audits, and reference materials to Pascoag customers. ENE also provides customers a toll free “energy hotline”, and provides the Company with technical assistance.

In 2006 Pascoag also worked with Soleil Communications, located in Attleboro, Massachusetts. Soleil was to design a series of three mailings to inform and educate residential customers regarding the energy conservation programs offered by Pascoag. The first two mailings proved so effective that the funds for most residential programs were depleted by autumn. The third mailing, therefore, was eliminated. Pascoag plans to work with Soleil again during 2007, to promote energy conservation programs to residential, commercial and industrial customers.

The Company will also continue to work closely with Burrillville High School. Now in its sixth year, this arrangement continues to be mutually beneficial.

Attachment 1 is a summary of Pascoag's 2006 eliminated and completed programs, proposed 2007 new programs, and changes in funding levels of 2006 programs the Company plans to continue in 2007.

Pascoag proposes continuation during 2007 of the ability to request reallocation of funds from poorly performing programs to high-demand, well-performing programs. As in the past, if the amount of any one reallocation does not exceed 10% of the total DSM budget, reallocation would be subject to the review and authorization of the Division.

After reviewing the filing and Pascoag's responses to record requests initiated by the Commission, the Division recommends that the 2007 DSM budget proposed by Pascoag be approved as filed.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers

Attachment

Attachment 1

While Pascoag plans to continue most of its 2006 DSM programs in 2007, proposed changes in programs and levels of funding, by customer class, are:

➤ Residential - New Programs and Associated Funding:

- Electric Heat Conversion/ Geothermal system: \$500;
- Central Air Conditioning Incentive: \$2,000

➤ Residential - 2006 Programs Eliminated/Completed:

- No Eliminations.

➤ Residential - Funding Increases/Decreases for Retained 2006 Programs:

- Energy Star Thermostats/Lighting: Remain at same level as 2006;
- New Construction (Transferred from C&I): Increase by \$6,200;
- Energy Star appliance rebates: Decrease by \$1,000;
- Heating System Incentive: Decrease by \$1,000;

➤ Commercial/Industrial - New Programs and Associated Funding:

- Pascoag Hose 1: \$7,500;
- GS Incorporated: \$20,000.

➤ Commercial/Industrial - 2006 Programs Eliminated/Completed:

- Callahan School
- Zambarano;
- Northwest Auto;
- Site Visits.

➤ Commercial/Industrial - Funding Increases/Decreases for Retained 2006 Programs:

- Funding for C&I programs retained from 2006 remains at 2006 budget levels.

- Administrative/Ad/Education - New Programs and Associated Funding:
 - No new programs introduced.
- Administrative/Ad/Education - 2006 Programs Eliminated/Completed:
 - No Eliminations.
- Administrative/Ad/Education: Funding Increases/Decreases for Retained 2006 Programs:
 - Funds For Follow-up to Successful Programs: Increased by \$2,940.