

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

PASCOAG UTILITY DISTRICT :  
DEMAND SIDE MANAGEMENT PROGRAMS : DOCKET NO. 3776  
FOR 2007 :

ORDER

I. Introduction

On October 20, 2006 and pursuant to R.I.G.L. §39-2-1.2, Pascoag Utility District (“Pascoag” or “the Company”) filed its Demand Side Management (“DSM”) Programs for 2007 with the Public Utilities Commission (“Commission”). Pascoag proposed an overall budget of \$147,000, all of which would be generated through the \$39,000 surplus remaining from Pascoag’s 2006 programs, and the legislatively mandated charge of \$0.002 per kWh<sup>1</sup>, to be paid by all customers of the utility, which is estimated to be approximately \$108,000 in 2007. Although the law provides the funding for the programs, the Commission continues to have responsibility for reviewing the design and implementation of Pascoag’s DSM programs.<sup>2</sup>

II. Pascoag’s Filing

The Executive Summary and Program Details submitted by Pascoag as part of its filing indicate that due to customer interest, Pascoag will continue all of the programs that it provided in 2006. As in past years, Pascoag will conduct periodic reviews of the

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<sup>1</sup> R.I.G.L. §39-2-1.2(b) provides that “[e]ffective as of January 1, 2003, and for a period of ten (10) years thereafter, each electric distribution company shall include charges of 2.0 mills per kilowatt-hour delivered to fund demand side management programs....”

<sup>2</sup> R.I.G.L. §39-2-1.2.

performance of those programs in order to ascertain whether to seek permission to reallocate funds among its programs if such reallocation is deemed necessary.<sup>3</sup>

A. Residential Programs

Pascoag proposed to continue all of its Residential Programs from 2006 as customer demand for the incentives offered by such programs continues to be very high.<sup>4</sup> There are seven Residential Programs that Pascoag will continue to offer in 2007 with some minor modifications. The 2006 Programs, which include Residential Conservation Service, Home Energy Audits, Heating Equipment Replacement, EnergyStar Appliances, EnergyStar Lighting and Programmable Thermostats, Energy Efficient Doors and Windows, and Home Office Equipment/Home Electronics, will all be renewed. Additionally, Pascoag requested keeping a \$500 line item open for an incentive for a conversion of an electric heating system; the Company received inquiries about an incentive for conversion from an electric system to another source of heat and one specific inquiry regarding a geothermal system.<sup>5</sup>

Pascoag's Residential Conservation Service is comprised of several programs conducted through the Company's partnership with Energy New England ("ENE"). ENE provides a toll-free energy hot line, energy referrals, conservation materials, assistance on rebates, and community and school outreach. The Company proposed the budget for this partnership to remain at \$1,800 for 2007.<sup>6</sup>

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<sup>3</sup> Pascoag DSM Filing, Schedule B, p.1.

<sup>4</sup> Pascoag DSM Filing, Schedule B, p.1, Schedule C, p.1.

<sup>5</sup> Pascoag DSM Filing, Schedule B, p.1; Schedule C, p.4.

<sup>6</sup> Pascoag DSM Filing, Schedule C, p.1

Pascoag proposed continuing the Home Energy Audits Program funding in the amount of \$4,000 which is the same funding level as in 2006.<sup>7</sup> ENE committed to maintaining the price of home energy audits at \$155 through the calendar year 2008. Pascoag's proposal anticipates 11 audits at \$155 per audit and incentives totaling \$2,200 with any excess money being used for additional audits.<sup>8</sup>

The Energy Star Appliance Rebate Program is identified by Pascoag as the most popular program of its 2006 programs.<sup>9</sup> Because of the success of this program, which provides a \$100 incentive for customers purchasing an Energy Star compliant refrigerator or clothes washer or a \$50 incentive for the customer purchasing an Energy Star compliant dishwasher, air conditioner or dehumidifier, Pascoag proposed a slight increase in the funding of this program for 2007 from \$9,000 to \$10,000.<sup>10</sup> The incentive program is limited to one rebate per appliance per address in a calendar year.<sup>11</sup>

Pascoag proposed increasing the amount of funding for the Energy Star Windows and Doors Program from \$5,000 approved by the Commission for 2006 to \$6,000 for 2007.<sup>12</sup> The program provides a qualifying customer \$25 incentive per window for up to twenty (20) Energy Star compliant windows, and a \$50 incentive per door for up to two (2) Energy Star compliant doors.<sup>13</sup> Because this program was the second most popular program offered by the Company, funds budgeted for it were depleted by September 2006.<sup>14</sup> The Company also proposed that stated limits be waived

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<sup>7</sup> Pascoag DSM Filing, Schedule A.

<sup>8</sup> Pascoag DSM Filing, Schedule C, p.1.

<sup>9</sup> Pascoag DSM Filing, Schedule B, p.1; Schedule C, p.2.

<sup>10</sup> Id.

<sup>11</sup> Pascoag DSM Filing, Schedule C, p.2.

<sup>12</sup> Pascoag DSM Filing, Schedule A, Schedule D.

<sup>13</sup> Pascoag DSM Filing, Schedule C, p.2.

<sup>14</sup> Pascoag DSM Filing, Schedule B, p.1; Schedule C, p.2

to accommodate customers who exceeded programs limits, provided that additional funding remains at the end of the year.<sup>15</sup>

Pascoag requested a slight increase in funding for the Heating System Replacement Program from \$3,500 in 2006 to \$4,200.<sup>16</sup> The program provides incentive rebates for up to twelve (12) customers who install new or replacement equipment that is Energy Star compliant.<sup>17</sup> The incentive rebate is ten percent of the customer's total cost, including labor costs, with a cap of \$350 per customer.<sup>18</sup> In 2006, Pascoag issued ten (10) incentives for Energy Star compliant heating upgrades and depleted funding for this program by September.<sup>19</sup> It presently has four applications for incentives and plans to request reallocation of funds in the future to accommodate these customer requests.<sup>20</sup>

The Energy Star Thermostats/Lighting Program provides a rebate for qualifying light bulbs, fixtures and thermostats. Customers participating in this program receive a rebate of 50 percent with a cap of \$50 for Energy Star compliant light bulbs, fixtures and thermostats.<sup>21</sup> Pascoag requested that the \$500 level of funding approved in 2006 remain the same for 2007.<sup>22</sup>

In 2005 Pascoag introduced a new residential program to provide rebates on home office equipment and home electronics. Qualifying equipment has the potential to save a significant amount of electricity.<sup>23</sup> The Home Office Equipment/Home Electronics Program offers a rebate of 25 percent of the cost of Energy Star compliant

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<sup>15</sup> Pascoag DSM Filing, Schedule C, p.2.

<sup>16</sup> Pascoag DSM Filing, Schedule A.

<sup>17</sup> Pascoag DSM Filing, Schedule C, p.2.

<sup>18</sup> Id.

<sup>19</sup> Id., p.3.

<sup>20</sup> Id.

<sup>21</sup> Id.

<sup>22</sup> Id.

<sup>23</sup> Pascoag, DSM Filing, Schedule C, p.4.

equipment with a cap of \$50. In 2006, the approved funding for the program was \$500;<sup>24</sup> Pascoag requested that this amount remain the same for 2007.<sup>25</sup>

Pascoag is proposing two new residential programs for 2007, New Construction Rebate and Central Air Conditioners. The New Construction Rebate Program is being moved from the Industrial and Commercial Program and added into the Residential Program.<sup>26</sup> Pascoag identified four projects that will be under construction in 2007.<sup>27</sup> The incentives provided are intended to offset the cost of upgrading to energy efficient materials.<sup>28</sup> Although the rebate is to the contractor, the customer will obtain the benefit of not having to upgrade subsequent to completion of construction.<sup>29</sup> Pascoag proposed increasing the funding for this program to \$23,560 to provide for rebates for up to thirty-eight units/homes at a maximum of \$620 per unit/home.<sup>30</sup> The Central Air Conditioning Program proposed by the Company will provide a 10 percent rebate, not to exceed a total of \$200, to customers that purchase an Energy Star qualified central air conditioner with a SEER of 14 or greater or EER of 11.5.<sup>31</sup>

#### B. Commercial and Industrial Programs

Pascoag proposed \$51,500 to be allocated to commercial and industrial programs.<sup>32</sup> Of the total amount proposed, Pascoag requested \$1,000 for Energy Star Office Equipment and Electronics Incentives, \$20,000 for the Jesse M. Smith Memorial Library, a new library expected to open in 2008, \$3,000 for the Pascoag Utility District

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<sup>24</sup> Pascoag DSM Filing, Schedule D.

<sup>25</sup> Pascoag DSM Filing, Schedule A, Schedule C, p.4.

<sup>26</sup> Pascoag DSM Filing, Schedule C, p.4.

<sup>27</sup> Pascoag DSM Filing, Schedule B, p.1; Schedule C, p.4; Response to Commission Data Request No. 1.

<sup>28</sup> Pascoag DSM Filing, Schedule B, p.1; Schedule C, p.5.

<sup>29</sup> Id.

<sup>30</sup> Pascoag DSM Filing, Schedule C, p.5.

<sup>31</sup> Id.

<sup>32</sup> Pascoag DSM Filing, Schedule A.

Well Project due to come on line in 2007, \$7,500 for the Pascoag Fire District Hose 1 Project for retrofit lighting and replacement of windows and doors, and \$20,000 for the G S Incorporated Project consisting of new lighting and possibly windows and doors.<sup>33</sup>

C. Administrative/Customer Education/Customer Outreach

Pascoag requested approval of \$42,440 for Administrative/Customer Education/Customer Outreach Programs.<sup>34</sup> Administrative expenses pay for staff time, schools and seminars related to DSM and other DSM related activities necessary to implement the programs<sup>35</sup>. Pascoag did not request an increase in the funding for Administrative expenses, and proposed that the \$11,000 amount approved in 2006 remain the same for 2007.<sup>36</sup> Pascoag requested a line item of \$3,440 to allow for flexibility to transfer funds from one program to another should high customer demand for a successful program warrant such a transfer.<sup>37</sup>

The success of the one pamphlet that Pascoag distributed last year with Soleil Communications to introduce available DSM Programs resulted in a depletion of all of the Residential funding by the third quarter of the year.<sup>38</sup> For 2007, Pascoag proposed two mailings, one to introduce available 2007 Residential programs and one to highlight Commercial/Industrial projects that have been completed and that will be available during 2007.<sup>39</sup> Pascoag requested that the \$1,000 consultation fee used to

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<sup>33</sup> Pascoag DSM Filing, Schedule A; Schedule C, pp.5-7.

<sup>34</sup> Pascoag DSM Filing, Schedule A.

<sup>35</sup> Pascoag DSM Filing, Schedule C, p.7.

<sup>36</sup> Pascoag DSM Filing, Schedule A; Schedule D.

<sup>37</sup> Pascoag DSM Filing, Schedule C, p.7.

<sup>38</sup> Pascoag DSM Filing, Schedule C, p.7. In 2006, Pascoag proposed three mailings; however, due to the success of the first mailing and the depletion of funding for the programs set forth in the mailing, the Company chose not to advertise programs in further mailings for which there was no longer funding available.

<sup>39</sup> Pascoag DSM Filing, Schedule B, p. 2; Schedule C, pp.7-8.

compensate National Grid and RISE for their verification of savings on Commercial/Industrial Programs remain the same for 2007.<sup>40</sup>

The six-year partnership that Pascoag shares with Burrillville High School is identified as its most enjoyable program.<sup>41</sup> Pascoag requested \$8,000 for this program.<sup>42</sup> Projects proposed to be accomplished are the creation of Energy Conservation flyers by students to be included in customer bills, and student designed Energy Conservation posters to be displayed in the community.<sup>43</sup> Finally, Pascoag requested \$5,000 for funding for various community events that it continues to participate in throughout the year to promote its DSM programs.<sup>44</sup>

### III. Division's Position

On December 1, 2006, Mr. David R. Stearns, a rate analyst for the Division of Public Utilities and Carriers ("Division"), filed a Memorandum with the Commission recommending that the Commission approve Pascoag's 2007 DSM budget as filed.<sup>45</sup>

### IV. Technical Record Session

On December 4, 2006, the Commission conducted a Technical Record Session during which Pascoag presented its programs and budget proposals. During the Technical Session, Pascoag made a well prepared presentation to outline all of its programs and justification for its proposed budget.

### V. Commission Findings

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<sup>40</sup> Pascoag DSM Filing, Schedule C, p.8.

<sup>41</sup> Pascoag DSM Filing, Schedule C, p.8.

<sup>42</sup> Pascoag DSM Filing, Schedule A.

<sup>43</sup> Pascoag DSM Filing, Schedule C, pp.8-9.

<sup>44</sup> Pascoag DSM Filing, Schedule C, p.9.

<sup>45</sup> Division of Public Utilities and Carriers Memorandum, December 1, 2006.

The Commission recognizes Pascoag's continued efforts and diligence in designing and implementing its DSM programs and recognizes the Company's commitment to energy conservation. Pascoag's efforts to provide services in an efficient manner are evident by its thorough and complete review of existing programs and modifications to those programs to reflect customer need. The 2007 filing contains new ideas and adjustments to continuing programs that should spark new and continued ratepayer interest.

The Commission approves Pascoag's filing of its 2007 Demand Side Management programs and associated budget as filed on October 20, 2006, finding them to be in the best interest of Pascoag's ratepayers.

Accordingly, it is hereby

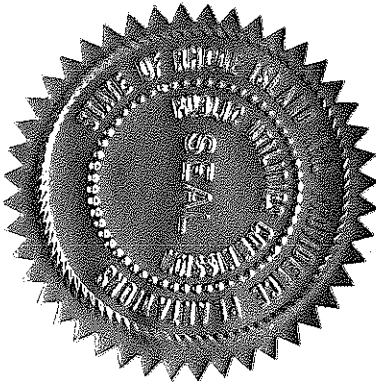
(18827) ORDERED:

1. Pascoag Utility District's 2007 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.G.L. §39-2-1.2, with \$0.002 to be applied to the Demand Side Management Programs approved herein, and \$0.0003 to be administered by the Rhode Island Office of Energy Resources for renewable energy programs.
3. Pascoag shall file with the Division of Public Utilities and Carriers any request to reallocate funds among programs up to 10% of the total budget, with a reference copy to the Commission. Requests to reallocate funds in excess of 10% of the total budget shall require Commission approval.



4. Pascoag shall make its 2008 DSM Filing no later than October 15, 2007.
5. Pascoag shall comply with all other findings and instructions as contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO BENCH  
DECISION ON DECEMBER 4, 2006. WRITTEN DECISION ISSUED JANUARY 11,  
2007.



PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Robert B. Holbrook, Commissioner

Mary E. Bray, Commissioner