

April 30, 2008

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 3779 – 2007 National Grid Demand-Side Management Programs, Electric Operations
2007 Year-End Report**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's Electric Demand-Side Management ("DSM") Programs 2007 Year-End Report, pursuant to the Settlement of the Parties ("Settlement") approved by the Commission in Order No. 18858 (February 5, 2008). This report describes the actual year-end results of the Company's 2007 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,



Thomas R. Teehan

Enclosures

cc: Docket 3779 Service List
RI Collaborative Members (w/attachments)

2007 DSM Year-End Report

for

The Narragansett Electric
Company

d/b/a

National Grid

May 1, 2008

national**grid**

Table of Contents

	<u>Page</u>
Introduction	1
Commercial and Industrial Programs	2
Residential Programs	3
Table 1: Summary of 2007 Target and Year-End Results	4
Table 2: Summary of Value, kW, and kWh by Program	5
Table 3: Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs (\$000's)	6
Table 4: National Grid 2007 DSM Incentive Calculation	7
Table 5: 2007 Performance Metrics	8
Table 6: Demand-Side Management Adjustment and Fund Balance	9
Table 7: 2007 Commercial and Industrial DSM Programs	10
Table 8: 2007 Residential DSM Programs	11

National Grid

2007 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 2007. These programs are described more fully in the "Settlement of the Parties," filed November 1, 2006, and approved by the Rhode Island Public Utilities Commission in Order No. 18858, issued February 5, 2007.

For the 2007 DSM program year, the Company established a goal, adjusted by year-end evaluation results, to achieve 9,694 kW in annual demand savings and 63,788 MWh of annual energy savings. By year-end 2006, the Company achieved annual demand savings of 10,285 kW and 64,995 annual MWh energy savings. These results were achieved at a benefit/cost ratio of 3.62.

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

Budget vs. Expenditures, 2007		
	Budget, \$Million ¹	Year-End Spending, \$Million ²
Total Expenditures and Commitments ³	\$22.5	\$21.9
Total Expenditures, excluding Commitments	\$18.0	\$17.4
Total Implementation Expenses, residential and C&I programs ⁴	\$16.0	\$16.4

As seen above, the Company spent \$16.4 million in 2007 on the residential and commercial and industrial (C&I) DSM programs, which began to generate energy savings in 2007. The

¹ Budget is Total Budgeted Expenditures and Commitments from the Filing in Docket 3779, filed November 1, 2006, Attachment 7, pages 1 and 2.

² Year-End Spending is actual spending in 2007.

³ 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.

⁴ 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 \$4.6 million in commitments for future projects in the Large C&I programs.

Table 1 summarizes the 2007 year-end performance for all of the DSM programs compared with annual goals and approved budgets. Overall, the programs achieved approximately 102% of targeted annual energy savings and 106% of targeted annual kW savings, while using 103% 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 2007 DSM programs. The programs created \$62.8 million in total value. The total value created stems from \$58.8 million in electricity savings and \$4.0 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 2007. Overall, the B/C ratio for the portfolio of energy efficiency programs implemented in 2007 is 3.62.

Table 4 documents that the Company has earned \$716,075 for the successful implementation of its energy efficiency programs in 2006. The Company earned \$641,075 through the energy savings portion of the incentive mechanism. This exceeds the target savings incentive of \$622,958 due to the Company's exceeding the kWh savings goal in 2007. The Company further earned \$75,000 from fully meeting three performance metric targets, and partially meeting a fourth performance metric target in 2007. The Company failed to meet the threshold target for one other performance metric. Table 5 provides details on the metric performance.

The 2007 Year-End DSM fund balance of (\$16,603) 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 2007, 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 2007 are contained in Table 8.

Large Commercial and Industrial Programs

For the Large C&I programs, Energy Initiative and Design 2000plus, the Company achieved 96% of the targeted annual energy savings and 103% of targeted annual kW savings while spending 98% of the implementation budget. The Rhode Island B/C ratio for the Large C&I programs was 5.59.

The total amount of spending in 2007 plus outstanding commitments at year-end was \$10.5 million, which is 98% of the final 2007 spending and commitment budget of \$10.7 million.

Small Commercial and Industrial Programs

The Company offered its Small Business Services (SBS) Program to the Small Commercial and Industrial sector. The Company spent 116% of the SBS implementation budget and achieved 97% of targeted annual energy savings and 100% of targeted annual kW savings. The SBS program achieved a Rhode Island B/C ratio of 2.22.

Residential Programs

In 2007, the residential DSM programs were cost-effective with an overall Rhode Island B/C ratio of 2.64. The Company spent approximately 100% of the residential implementation budget and achieved 112% of targeted annual energy savings and 113% of targeted annual kW savings. Descriptions of the 2007 residential energy efficiency programs are contained in Table 8.

NATIONAL GRID ELECTRIC ENERGY EFFICIENCY PROGRAMS IN RHODE ISLAND

Table 1. Summary of 2007 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
Large Commercial and Industrial														
Design 2000 <i>plus</i>	1,834	1,972	2,716	137.7%	9,453	10,181	11,820	116.1%	182	160	87.9%	\$2,523.0	2,774.1	110.0%
Energy Initiative	3,531	3,861	3,298	85.4%	21,944	22,956	20,079	87.5%	234	157	67.1%	3,537.4	3,149.5	89.0%
SUBTOTAL	5,365	5,833	6,014	103.1%	31,397	33,137	31,899	96.3%	416	317	76.2%	\$6,060.3	\$5,923.6	97.7%
Small Commercial and Industrial														
Small Business Services	2,064	2,135	2,144	100.4%	8,683	8,944	8,671	97.0%	508	554	109.1%	\$3,589.2	4,155.8	115.8%
SUBTOTAL	2,064	2,135	2,144	100.4%	8,683	8,944	8,671	97.0%	508	554	109.1%	\$3,589.2	\$4,155.8	115.8%
Residential														
EnergyWise	268	268	326	121.5%	3,241	3,241	3,510	108.3%	4,965	3,892	78.4%	2,170.2	1,989.0	91.7%
Single Family Low Income Services	153	153	147	96.1%	1,393	1,393	1,419	101.8%	1,180	1,192	101.0%	1,953.3	1,993.9	102.1%
ENERGY STAR @ Appliances	349	221	152	69.0%	1,288	500	504	100.7%	5,800	4,227	72.9%	332.7	287.9	86.5%
ENERGY STAR @ Heating Program	8	8	1	10.8%	70	70	17	25.0%	580	581	100.2%	130.8	124.1	94.9%
ENERGY STAR @ Central A/C Program	61	61	147	242.5%	42	42	84	200.1%	268	626	233.6%	145.4	276.2	189.9%
ENERGY STAR @ Lighting	960	960	1,136	118.3%	15,966	15,966	17,885	112.0%	68,864	64,566	93.8%	819.8	779.1	95.0%
ENERGY STAR @ Homes	54	54	217	400.2%	495	495	1,006	203.4%	225	408	181.3%	712.3	801.0	112.5%
Energy Efficiency Education Programs	n/a	0	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	n/a	48.4	49.1	101.5%
SUBTOTAL	1,853	1,725	2,127	123.2%	22,495	21,707	24,426	112.5%	81,882	75,492	92.2%	\$6,312.8	\$6,300.4	99.8%
TOTAL	9,282	9,694	10,285	106.1%	62,575	63,788	64,995	101.9%	82,806	76,363	92.2%	\$15,962.3	\$16,379.9	102.6%

NOTES

- (1) Approved Target from 2007 Settlement, Attachment 10 page 2 of 3, Summer kW.
- (2) Per Settlement, this is equal to column (1) adjusted for evaluation results available at year end.
- (4) Pct Achieved is Column (3)/ Column (2).
- (5) Approved Target from 2007 Settlement, Attachment 10 page 2 of 3, Maximum Annual MWh Saved.
- (6) Per Settlement, this is equal to column (5) adjusted for evaluation results available at year end.
- (8) Pct Achieved is Column (7)/ Column (6).
- (9), (10) Customer Participation in 2007 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 193 Energy Initiative applications, 230 Design 200*plus* applications, and 895 SBS Applications.
- (11) Pct Achieved is Column (10)/ Column (9).
- (12) Approved Budget for implementation expenses from 2007 Settlement, Attachment 10, page 1 of 3.
For Design 200*plus* and Energy Initiative, this excludes the commitments budget of \$1,500,000 for Design 200*plus* and \$3,000,000 for Energy Initiative, respectively.
For Small Business Services, this is net of expected copayments of \$670,803.
- (13) Year To Date Implementation Expenses are net of the following items:
Actual commitments made in 2007 for 2008.
Customer copayments
Evaluation expenses
- (14) Pct Achieved is Column (13)/ Column (12).

NATIONAL GRID ELECTRIC ENERGY EFFICIENCY PROGRAMS IN RHODE ISLAND

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

2007 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								
Large Commercial and Industrial												
Design 2000plus	\$15,771	\$5,042	\$3,535	\$5,455	\$1,738	\$0	2,716	1,479	2,716	44,479	11,820	183,892
Energy Initiative	\$19,746	\$4,832	\$3,740	\$9,450	\$1,724	\$0	3,298	2,227	3,298	41,815	20,079	254,566
SUBTOTAL	\$35,517	\$9,874	\$7,275	\$14,906	\$3,462	\$0	6,014	3,707	6,014	86,295	31,899	438,458
Small Commercial and Industrial												
Small Business Services	\$9,567	\$2,937	\$1,022	\$4,553	\$1,055	\$0	2,144	1,066	2,144	25,426	8,671	103,825
SUBTOTAL	\$9,567	\$2,937	\$1,022	\$4,553	\$1,055	\$0	2,144	1,066	2,144	25,426	8,671	103,825
Residential												
EnergyWise	\$2,864	\$407	\$1,115	\$964	\$220	\$157	326	855	326	3,609	3,510	42,537
Single Family Low Income Services	\$2,887	\$241	\$500	\$432	\$124	\$1,589	147	298	147	2,114	1,419	19,304
ENERGY STAR @ Appliances	\$1,141	\$230	\$181	\$157	\$119	\$455	152	76	152	1,958	504	6,972
ENERGY STAR @ Heating Program	\$662	\$2	\$5	\$7	\$1	\$647	1	6	1	15	17	245
ENERGY STAR @ Central A/C Program	\$329	\$185	\$12	\$38	\$94	\$0	147	1	147	1,576	84	981
ENERGY STAR @ Lighting	\$7,450	\$824	\$3,296	\$2,861	\$469	\$0	1,136	4,496	1,136	7,066	17,885	110,641
ENERGY STAR @ Homes	\$2,415	\$466	\$294	\$255	\$241	\$1,159	217	229	217	4,528	1,006	11,089
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
SUBTOTAL	\$17,748	\$2,356	\$5,403	\$4,714	\$1,269	\$4,007	2,127	5,962	2,127	20,865	24,426	191,769
TOTAL	\$62,832	\$15,167	\$13,700	\$24,173	\$5,786	\$4,007	10,285	10,734	10,285	132,586	64,995	734,052

(1) From Table 1.

NATIONAL GRID ELECTRIC ENERGY EFFICIENCY PROGRAMS IN RHODE ISLAND

Table 3. Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs (\$000's) 2007 Program Year

	Rhode Island Benefit/Cost (1)	Value Total (2)	Implementation Expenses (3)	Evaluation Cost (4)	Shareholder Incentives (5)
Large Commercial and Industrial					
Design 2000 <i>plus</i>	5.51	\$15,771.2	\$2,774.1	\$88.6	
Energy Initiative	6.09	19,746.1	\$3,149.5	94.5	
SUBTOTAL	5.59	\$35,517.3	\$5,923.6	\$183.1	\$244.5
Small Commercial and Industrial					
Small Business Services	2.30	9,567.1	4,155.8	4.8	
SUBTOTAL	2.22	\$9,567.1	\$4,155.8	\$4.8	\$151.6
SUBTOTAL Commercial & Industrial	4.23	\$45,084.4	\$10,079.5	\$187.9	\$396.1
Residential					
EnergyWise	1.44	2,863.6	1,989.0	6.0	
Single Family Low Income Services	1.45	2,887.4	1,993.9	3.7	
ENERGY STAR ® Appliances	3.71	1,141.5	287.9	19.7	
ENERGY STAR ® Heating Program	5.33	661.7	124.1	0.0	
ENERGY STAR ® Central A/C Program	1.06	328.8	276.2	33.5	
ENERGY STAR ® Lighting	9.21	7,450.0	779.1	29.5	
ENERGY STAR ® Homes	3.01	2,415.0	801.0	2.3	
Energy Efficiency Education Programs	n/a	n/a	49.1	0.0	
SUBTOTAL RESIDENTIAL	2.64	\$17,748.1	\$6,300.4	\$94.8	\$320.0
TOTAL	3.62	\$62,832.5	\$16,379.9	\$282.7	\$716.1

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, and are net of copayments.
- (4) National Grid's evaluation cost including staff labor costs and outside contractor services as indicated there. Other program design, evaluation, and planning expenses have been allocated to each program.
- (5) Shareholder incentives are earned by sector as shown in Table 4 and are included in the calculation of sector benefit/cost ratios. Program-level incentives are not calculated.

NATIONAL GRID ELECTRIC ENERGY EFFICIENCY PROGRAMS IN RHODE ISLAND

Table 4. National Grid 2007 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	Adjusted Annual kWh Savings Goal	Threshold kWh Savings	Target Incentive Per kWh
Residential	\$6,563,267	\$288,839	\$40,000	\$248,839	22,495,037	21,707,037	13,024,222	\$0.011
Small Commercial & Industrial	\$3,579,359	\$155,707	\$20,000	\$135,707	8,683,465	8,943,510	5,366,106	\$0.015
Large Commercial & Industrial	\$6,288,247	\$278,412	\$40,000	\$238,412	31,396,733	33,137,262	19,882,357	\$0.007
Total	\$16,430,874	\$722,958	\$100,000	\$622,958	62,575,235	63,787,809		

	(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	24,425,657	113%	24,425,657	\$280,004	\$40,000	\$320,004
Small Commercial & Industrial	8,670,775	97%	8,670,775	\$131,569	\$20,000	\$151,569
Large Commercial & Industrial	31,898,791	96%	31,898,791	\$229,502	\$15,000	\$244,502
Total	64,995,223			\$641,075	\$75,000	\$716,075

Column 1:

From 2007 Settlement Agreement, Attachment 8 Page 2 of 2, column (1).

Column 2: From 2007 Settlement Agreement, Attachment 8 Page 2 of 2, column (3).

Column 3: \$20,000 per proposed performance metric. From 2007 Settlement Agreement, Attachment 8 Page 2 of 2, column (4).

Column 4: From 2007 Settlement Agreement, Attachment 8 Page 2 of 2, column (5).

Column 5: Annual MWh Approved Targets by Sector from Table 1, Column (5).

Column 5a: Annual MWh Adjusted Target by Sector from Table 1, Column (6).

Column 6: Column 5a * 0.60 (60% Threshold).

Column 7: Column 4 / Column 5a

Column 8: Year End Savings from Table 1, Column (7)

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 5a due to the incentive cap.

Column 11: Column 10 * Column 7

Column 12: As documented in Table 5.

Column 13: Column 11 + Column 12

NATIONAL GRID ELECTRIC ENERGY EFFICIENCY PROGRAMS IN RHODE ISLAND

Table 5. 2007 Performance Metric Targets and Preliminary Year End Results

Metric	Description	Threshold	Target	Actual	Incentive	
ENERGY STAR® HOMES						
Residential Metric 1:	The Company will conduct plans analyses and home ratings and sign ENERGY STAR® builders' agreements for new homes being built in Rhode Island. It will increase the penetration of signed builders agreements in 2007 by 3 percentage points compared to the penetration achieved in 2006. Penetration will be calculated as the number of signed agreements divided by the number of permits for new dwelling units issued in 2007.	16.80%	18.80%	year end results are 19.6%% (CSG Spreadsheet 4/21/2008)	19.60%	\$20,000
		\$6,700	\$20,000			
RESIDENTIAL OTHER PROGRAM SAVINGS						
Residential Metric 2:	The Company will achieve a target amount of MWh savings from programs other than Residential Lighting in 2007. The target will be calculated as the net annual MWh savings goal for all residential programs excluding the net annual MWh savings from the Residential Lighting program.		6,529	See Table 1	6,541	\$20,000
			\$20,000			
ENERGY INITIATIVE OTHER SUBPROGRAM SAVINGS						
C&I Metric 1:	The Company will achieve a target amount of MWh savings from subprograms other than prescriptive lighting in the Energy Initiative program in 2007. The target will be calculated as the net annual MWh savings from all other subprograms estimated as part of the planned savings for the Energy Initiative program in 2007.		4,490	Non-lighting savings are 64% of target	2,857	\$0
			\$20,000	64%		
HIGH PERFORMANCE SCHOOLS						
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 make contracts with 3 schools in 2007.	1	2	3	2	\$15,000
		\$10,000	\$15,000	\$20,000		
SBS COMPREHENSIVENESS						
C&I Metric 3:	The Company will achieve 6% greater MWh savings from completed measures other than prescriptive lighting and refrigeration in Small Business Services in 2007 than it achieved in 2006.	444	471	Non-lighting savings are 103% of target (Mark Siegal/RISE Spreadsheet, 12/31/07)	487	\$20,000
		\$10,000	\$20,000	103%		

TABLE 6

Date: 17-Apr-08

NARRAGANSETT ELECTRIC COMPANY
2007 DEMAND - SIDE MANAGEMENT ADJUSTMENT AND BALANCE
 12 month(s) of actuals 0 month(s) of estimates

Total C&LM Revenue/Expense for Jan-Dec 2007

	<u>Actual JAN</u>	<u>Actual FEB</u>	<u>Actual MAR</u>	<u>Actual APRIL</u>	<u>Actual MAY</u>	<u>Actual JUNE</u>	<u>6MTHS Y.T.D</u>
Residential Revenue	\$522,486	\$534,672	\$523,808	\$438,352	\$446,150	\$492,494	\$2,957,961
Small C&I Revenue	\$284,371	\$285,951	\$298,980	\$264,850	\$303,868	\$324,231	\$1,762,250
Large C&I Revenue	<u>\$462,437</u>	<u>\$499,645</u>	<u>\$517,672</u>	<u>\$461,749</u>	<u>\$524,657</u>	<u>\$560,289</u>	<u>\$3,026,450</u>
1. TOTAL REVENUE (A)	\$1,269,294	\$1,320,268	\$1,340,460	\$1,164,951	\$1,274,674	\$1,377,014	\$7,746,661
Residential Expense	\$252,345	\$361,108	\$977,259	\$308,929	\$584,628	\$427,343	\$2,911,612
Small C&I Expense	\$724,436	\$220,132	\$168,192	\$350,426	(\$612)	\$538,749	\$2,001,323
Large C&I Expense	<u>\$627,659</u>	<u>\$629,953</u>	<u>\$458,320</u>	<u>\$434,665</u>	<u>\$524,994</u>	<u>\$418,731</u>	<u>\$3,094,322</u>
2. TOTAL EXPENSE (B)	\$1,604,440	\$1,211,193	\$1,603,771	\$1,094,020	\$1,109,010	\$1,384,823	\$8,007,257
3. Cash Flow Over/(Under)	(\$335,146)	\$109,075	(\$263,311)	\$70,931	\$165,664	(\$7,809)	(\$260,596)
4. Start of Period Balance (C)	\$4,473,407	\$4,167,863	\$4,305,967	\$4,071,355	\$4,170,520	\$4,365,426	\$4,473,407
5. End of Period Balance Before Interest	\$4,138,261	\$4,276,938	\$4,042,656	\$4,142,286	\$4,336,184	\$4,357,618	\$4,212,811
6. Residential Interest	(\$5,723)	(\$4,237)	(\$5,228)	(\$6,378)	(\$6,453)	(\$6,749)	(\$34,768)
Small C&I Interest	\$10,884	\$9,672	\$10,414	\$10,641	\$11,467	\$11,855	\$64,933
C&I Interest	<u>\$24,442</u>	<u>\$23,594</u>	<u>\$23,512</u>	<u>\$23,971</u>	<u>\$24,228</u>	<u>\$24,880</u>	<u>\$144,627</u>
TOTAL INTEREST (D)	\$29,603	\$29,029	\$28,698	\$28,234	\$29,242	\$29,985	\$174,792
7. End of Period Balance After Interest	\$4,167,863	\$4,305,967	\$4,071,355	\$4,170,520	\$4,365,426	\$4,387,603	\$4,387,603
	<u>Actual JULY</u>	<u>Actual AUG</u>	<u>Actual SEPT</u>	<u>Actual OCT</u>	<u>Actual NOV</u>	<u>Actual DEC</u>	<u>ANNUAL TOTAL</u>
8. Residential Revenue	\$592,778	\$677,917	\$495,731	\$477,133	\$452,345	\$576,533	\$6,230,398
Small C&I Revenue	\$331,147	\$347,224	\$275,276	\$315,767	\$297,965	\$301,714	\$3,631,343
Large C&I Revenue	<u>\$580,860</u>	<u>\$608,801</u>	<u>\$486,307</u>	<u>\$547,060</u>	<u>\$517,168</u>	<u>\$523,411</u>	<u>\$6,290,056</u>
TOTAL REVENUE (A)	\$1,504,785	\$1,633,942	\$1,257,314	\$1,339,960	\$1,267,478	\$1,401,657	\$16,151,797
Residential Expense	\$372,597	\$687,465	\$669,286	\$488,116	\$431,846	\$810,690	\$6,371,612
Small C&I Expense	(\$56,085)	\$245,614	\$571,950	(\$32,313)	\$309,138	\$229,136	\$3,268,763
Large C&I Expense	<u>\$377,915</u>	<u>\$370,801</u>	<u>\$752,055</u>	<u>\$654,453</u>	<u>\$650,516</u>	<u>\$197,558</u>	<u>\$6,097,620</u>
9. TOTAL EXPENSE (B)	\$694,427	\$1,303,880	\$1,993,291	\$1,110,257	\$1,391,499	\$1,237,384	\$15,737,995
10. Cash Flow Over/(Under)	\$810,358	\$330,062	(\$735,977)	\$229,703	(\$124,021)	\$164,273	\$413,802
11. Start of Period Balance (C)	\$4,387,603	\$5,230,911	\$5,598,070	\$4,897,091	\$5,159,121	\$5,066,957	\$4,473,407
12. End of Period Balance Before Interest	\$5,197,961	\$5,560,973	\$4,862,093	\$5,126,794	\$5,035,100	\$5,231,230	\$4,887,209
13. Residential Interest	(\$5,815)	(\$5,131)	(\$5,641)	(\$6,069)	(\$5,889)	(\$6,593)	(\$69,906)
Small C&I Interest	\$12,530	\$14,297	\$13,358	\$13,128	\$13,856	\$14,134	\$146,236
C&I Interest	<u>\$26,235</u>	<u>\$27,931</u>	<u>\$27,280</u>	<u>\$25,268</u>	<u>\$23,890</u>	<u>\$24,641</u>	<u>\$299,873</u>
TOTAL INTEREST (D)	\$32,950	\$37,097	\$34,998	\$32,327	\$31,857	\$32,182	\$376,203
14. End of Period Balance After Interest	\$5,230,911	\$5,598,070	\$4,897,091	\$5,159,121	\$5,066,957	\$5,263,412	\$5,263,412
15. Residential Incentive							\$320,004
Small C&I Incentive							\$151,569
C&I Incentive							\$244,502
Total Incentives							\$716,075
15a. End of Period Balance (minus incentive)							\$4,547,337
15b. Commitments							\$4,563,940
15c. FUND BALANCE AT YEAR-END							(\$16,603)

(A) Revenue Report

(B) Source: PeopleSoft query

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

Table 7: 2007 Commercial and Industrial DSM Programs

Program Name	Description
Design 2000plus Program	<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>
Energy Initiative Program	<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>
Small Business Services Program	<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: 2007 Residential DSM Programs

Program Name	Description
Single Family Low Income Services	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.
Energy Wise	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.
ENERGY STAR Products	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.
ENERGY STAR Lighting	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.
ENERGY STAR Heating	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.
ENERGY STAR Central A/C	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.
Information and Education	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.
New Construction	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.

National Grid - 2008 Demand Side Management – Docket No. 3892
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