



PASCOAG
UTILITY DISTRICT

Pascoag Electric • Pascoag Water

#3806

253 Pascoag Main Street
P.O. Box 107
Pascoag, R.I. 02859
Phone: 401-568-6222
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www.pud-ri.org

January 25, 2007

RECEIVED
2007 JAN 30 PM 2:53
PUBLIC UTILITIES COMMISSION

Steven Frias, Esquire
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02886

RE: AFFORDABLE ENERGY PLAN

Dear Mr. Frias:

This letter is being written to address the concerns of the Pascoag Utility District ("Pascoag") in complying with the affordable energy legislation that was enacted in 2006. Pascoag's plan is being submitted simultaneous with this letter; however, there are significant issues discussed below that will necessitate Pascoag's requesting an exemption from the requirements of G.L. §42-141-1 et seq.

The affordable energy legislation seeks to address the needs of low income energy inefficient households by, among other things, requiring utilities to reduce the price for energy delivered to these very low and low income households by up to 50% of the normal use charges. In order to reimburse the utilities for the losses incurred in reducing the charges for energy, the legislation created a fund entitled the "affordable energy fund". In large part, this fund's revenue is generated by a gross receipts tax imposed on regulated utilities. Although there are different rates of taxation for the various utilities under this scheme, the proceeds are all deposited into this fund.

In its present form, the legislation provides relief to those taxed utilities operating pursuant to their affordable energy plan by reducing the amount of tax imposed upon them. Hence, they are allowed to recapture their losses via a reduction in their gross receipt tax burden. Pascoag, however, has no mechanism by which it can recoup the losses incurred in participation in such a plan, for it is not now nor ever has been a contributor to the fund. It has been exempted from the gross receipts tax because of its non-profit, quasi municipal status.

Participation in this plan without a mechanism for reimbursement would result in catastrophic losses to Pascoag and would squarely place the burden of subsidizing this plan upon Pascoag's other rate payers. Clearly forced participation would have untoward results both for the utility and its ratepayers. For these reasons, Pascoag is requesting an exemption from implementing a plan pursuant to this legislation.

Very truly yours,

William L. Bernstein

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WLB:ph



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January 30, 2007

Rhode Island Public Utilities Commission
Ms. Luly Massaro
Commission Clerk
89 Jefferson Blvd.
Warwick, RI 02888

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2007 JAN 30 PM 2:53
RHODE ISLAND PUBLIC UTILITIES COMMISSION

Re: Pascoag Utility District Affordable Energy Plan

Dear Ms. Massaro:

Enclosed please find an original and nine copies of Pascoag Utility District's Affordable Energy Plan, filed in compliance with Rhode Island General Laws 39-1-27.10(a) of "The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006".

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Judith R. Allaire
Assistant General Manager

Cc: Steve Scialabba, RI Division of Public Utilities
William Lueker, Esq.

Pascoag Utility District

AFFORDABLE ENERGY PLAN FOR
ELECTRIC SERVICE

January 30, 2007

Submitted to:
Rhode Island Public Utilities Commission

During 2006, the Rhode Island General Assembly passed “The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006” that was signed into law by the Governor. This Act establishes a fund from which monies will be used to assist low income customers of utilities. Pascoag Utility District is filing with the Commission an Affordable Energy Plan.

The Affordable Energy Fund money will be used to compensate utility companies for revenues lost due to the reductions in customer charges in accordance with a plan approved by the Commission. These reductions in charges will be given to very low income households and, if feasible, to low income households to provide up to a 50% reduction in customer charges for households that do not exceed the average use of comparable dwelling units. The Office of Energy Resources must develop a strategic plan to provide money to increase energy efficiency and weatherization in dwelling units occupied by very low and low income households.

The Proposed Affordable Electric Energy Plan:

Pascoag Utility District proposes a discounted rate for electricity to qualifying households that includes:

1. 50% reduction of the distribution charge for monthly electric use not to exceed 500 kWh.
2. 50% reduction of the customer charge per month
3. If there are unpaid balances that are past due, Pascoag agrees to enter into a payment plan with the customer. If the monthly payments are made in accordance with the payment plan, the Company will reduce the unpaid balance by 50% of the distribution charge (of up to 500 kWh per month) and 50% of the customer charge.
4. Pascoag will apply to the fund for money to assist in weatherization for dwellings occupied by qualifying customers that have electricity as the main supply of heat for the colder weather.

Estimated Impact of the Plan:

Pascoag Utility District estimates that there are 31 customers that qualify for a reduction in their monthly electric rates. A 50% reduction in distribution charges and customer charges would result in a revenue loss of approximately \$4,600 to the District. Pascoag would then seek relief from the established fund. This includes a reduction on a going-forward basis as well as the reduction of past due amounts.

The District is unaware of any dwelling occupied by qualifying customers that has electricity as the main supply of heat for the colder weather.