

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**PUBLIC UTILITIES COMMISSION**

IN RE: PASCOAG FIRE DISTRICT :  
DEMAND SIDE MANAGEMENT : DOCKET NO. 2510  
PROGRAM :

REPORT AND ORDER

On February 9, 2000, the Pascoag Fire District ("Pascoag") filed with the Public Utilities Commission ("Commission") its Demand Side Management ("DSM") Program and renewable energy program for 2000, in compliance with the Utility Restructuring Act of 1996 ("Act"), R.I.G.L. § 39-2-1(b). Pascoag proposes a budget of \$148,450, all of which is generated through the 1999 budget surplus, and the legislatively mandated charge of \$0.0023 per kWh.<sup>1</sup> Although the Act provides for the funding of the programs, the Commission continues to play an important role in reviewing the design and implementation of the DSM programs.

Following public notice, a hearing was conducted at the Commission's offices, 100 Orange Street, Providence, on March 13, 2000. The following appearances were entered:

FOR THE COMPANY:	William L. Bernstein, Esq.
FOR THE DIVISION:	Elizabeth A. Kelleher, Esq. Special Assistant Attorney General
FOR THE COMMISSION:	Steven Frias, Esq. Senior Legal Counsel

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<sup>1</sup> The Act provides this level of funding for demand side management programs and renewable energy resources for the five-year period beginning on January 1, 1997.

Pascoag's DSM program was designed to reduce the system peak demand and give Pascoag ratepayers an opportunity to reduce their kilowatt-hour consumption. Pascoag's DSM program has an emphasis on education, with a newsletter and load management seminar planned. These are both residential<sup>2</sup> and commercial/industrial ("C/I") programs.<sup>3</sup>

At the hearing, Pascoag called Theodore G. Garille, its General Manager, to testify. Under cross-examination by Ms. Kelleher, Mr. Garille explained that Pascoag was only allocating \$14,000 for residential customers in 2000, in contrast to \$35,000 for this sector in 1999, because Pascoag had reached the point of "saturation" in providing rebate coupons for compact fluorescent lighting to its residential customers.<sup>4</sup> Mr. Garille also explained that two customers took advantage of the interest-free loan program in 1999 to obtain loans of less than \$50,000; these two customers paid back their loans within the calendar year.<sup>5</sup>

Mr. Garille attributed the substantial increase in the allocation for lighting for industrial customers to two significant projects involving Lockheed Aluminum and Burrillville High School.<sup>6</sup> The \$50,000 allocated

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<sup>2</sup> Measures include compact fluorescent bulbs, hot water tank wraps, hot water pipe covers and attic access door insulation, and energy-crafted homes.

<sup>3</sup> Measures include compact fluorescent bulbs, hot water wraps, HVAC and refrigeration variable frequency drives, energy efficient motors, T8 bulbs with electric ballasts, fluorescent system dimmers, occupancy detectors and renewable funding.

<sup>4</sup> T. 10-11.

<sup>5</sup> T. 9-10.

<sup>6</sup> T. 22-23.

to HVAC for industrial customers covers a major project involving the Levy Rink.<sup>7</sup>

Although Pascoag's DSM fund carryovers from previous years have been substantial,<sup>8</sup> Mr. Garille assured the Commission that with the major projects currently planned, Pascoag would have a smaller carryover for 2000 than for 1999.<sup>9</sup> The witness noted that although Pascoag had expended \$11,715 of \$51,727 of its 1999 DSM budget on administrative charges, this high percentage is a result of the "uniqueness" of Pascoag as a small utility.<sup>10</sup>

Commissioner Racine also questioned Mr. Garille on Pascoag's policy regarding the use of credit cards in expending DSM funds.<sup>11</sup> He responded that the administrative charges paid with DSM funds to American Express included \$44 for a luncheon with a customer regarding DSM programs, and \$156 for a luncheon at which contract renegotiations were discussed.<sup>12</sup>

The Division recommended approval of Pascoag's DSM filing. Ms. Kelleher believed that the allocation of \$106,000 for C/I customers and \$14,000 for residential customers was appropriate because of Pascoag's planned major projects for industrial customers.<sup>13</sup> Although the Division

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<sup>7</sup> T. 24-25.

<sup>8</sup> 1998's carryover was approximately \$13,500 and 1999's carryover was approximately \$56,950.

<sup>9</sup> T. 44.

<sup>10</sup> T. 45.

<sup>11</sup> T. 53.

<sup>12</sup> T. 35.

<sup>13</sup> T. 62-63.

disapproves of disproportionately high administrative charges, it recognizes that, as a small utility, Pascoag will have higher administrative charges in order to run its DSM program.<sup>14</sup>

At an open meeting conducted on March 17, 2000, the testimony and evidence was reviewed. The Commission found the proposed DSM factor of \$.0023 to be in compliance with the Act, and the DSM Program and renewable energy program to be reasonable, in the best interests of the ratepayers and supported by the evidence. The Commission also determined that Pascoag's use of credit cards for expending DSM funds was inappropriate. Specifically, the expenditure of DSM funds for luncheons, in particular, when the purpose of the luncheon is not directly related to the DSM program is not the best use of DSM funds, and thus is not in the best interest of the ratepayers. As a result, the Commission prohibited Pascoag from utilizing credit cards to expend DSM funds, and ordered Pascoag to reimburse the DSM fund the amount of \$200, which is the total of administrative charges in 1999 paid with DSM funds to American Express.

Accordingly, it is

(16268) ORDERED:

1. The Pascoag Fire District's Demand Side Management Program and renewable energy program for 2000 are hereby approved.

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<sup>14</sup> T. 63.

2. The Pascoag Fire District's Conservation and Load Management Adjustment factor of \$0.0023 per kilowatt-hour is hereby approved for usage on and after January 1, 2000 through December 31, 2000.
3. The Pascoag Fire District shall have flexibility to move funds from one DSM program to another with the concurrence of the Division.
4. The Pascoag Fire District is prohibited from utilizing credit cards to expend DSM funds.
5. The Pascoag Fire District shall reimburse the DSM fund the amount of \$200, the total of administrative charges in 1999 paid with DSM funds to American Express.
6. The Pascoag Fire District shall make mid-year and final reports on its DSM expenditures.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND, ON JANUARY 1, 2000,  
PURSUANT TO AN OPEN MEETING DECISION ON MARCH 17, 2000.  
WRITTEN ORDER ISSUED MAY 25, 2000.

PUBLIC UTILITIES COMMISSION

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Kate F. Racine, Commissioner

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Brenda K. Gaynor, Commissioner