

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

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

REPORT AND ORDER

On February 27, 2001, the Pascoag Utility District ("Pascoag") filed with the Public Utilities Commission ("Commission") its Demand Side Management ("DSM") and renewable energy programs for 2001, in compliance with the Utility Restructuring Act of 1996 ("URA"), R.I.G.L. § 39-2-1(b). Pascoag proposed an overall budget of \$110,000, all of which would be generated through the surplus remaining from Pascoag's 2000 DSM programs and the legislatively mandated charge of \$0.0023 per kWh to be paid by all customers of the utility.¹ Although the URA provides the funding for the programs, the Commission continues to play an important role in reviewing the design and implementation of Pascoag's DSM and renewable energy programs.

Following notice, public hearings were conducted at the Commission's offices, 89 Jefferson Blvd., Warwick, Rhode Island, on April 9 and June 4, 2001. The following appearances were entered:

FOR PASCOAG:	William L. Bernstein, Esq.,
FOR DIVISION:	William Lueker, Esq. Special Assistant Attorney General

¹ The URA provides this level of funding for demand side management programs and renewable energy resources for a five-year period beginning on January 1, 1997. This level of funding was extended an additional five years. Chapter 142 of 2001 R.I. Public Laws

FOR COMMISSION: Steven Frias, Esq.
Senior Legal Counsel

According to its filing, Pascoag's DSM programs are designed to reduce the system peak demand and give Pascoag ratepayers an opportunity to reduce their kilowatt-hour consumption. Pascoag's DSM programs encourage conservation and raise energy awareness. Pascoag's DSM Program for 2001 includes both residential² and commercial/industrial ("C&I") programs.³ In addition to the DSM budget, Pascoag has received a \$21,700 grant from "Rebuild America" to supplement funding for the DSM Programs. Lastly, Pascoag is allocating \$6,500 from the total budget for renewable energy funding and, beginning this year, will assign a Customer Service Representative, working with RISE Engineering, to handle all conservation projects.

At the April 9th hearing, Pascoag called Theodore G. Garille, its General Manager, to testify. Mr. Garille testified that \$15,000 of the 2001 DSM budget is a carry-over of surplus funds remaining from the 2000 DSM budget.⁴ On behalf of Pascoag, Mr. Garille sought continued approval of the existing zero financing program, which is limited to a

² Residential program measures include compact fluorescent bulbs, hot water tank wraps, hot water pipe covers, newsletters and an Energy Saving Contest. Pascoag Ex. 1, (Ex. II).

³ Commercial/Industrial program measures include compact fluorescent bulbs, T8 lighting and electronic ballasts, HVAC, energy efficient motors, newsletters and load management studies. Id.

⁴ Tr. 4/9/01, p. 6.

maximum of \$50,000 in loans outstanding at any one time. He noted that all participants in this program have repaid their loans in full.⁵

During the hearing, the Division indicated it required additional information from Pascoag in order to determine whether Pascoag's proposed 2001 DSM budget should be approved.⁶ The Commission urged the Division to file such data requests of Pascoag as it deemed necessary, and also expressed interest in Pascoag participating more fully in the demand-side management collaborative relating to Narragansett Electric's DSM programs.⁷

Under cross-examination regarding budget vs. actual DSM spending in the year 2000, Mr. Garille stated that the increase from \$50,000 to \$91,000 for the HVAC item was due to the installation of a large chiller at the Levy Community Ice Rink which had not been functioning properly since its installation by the contractor, RISE Engineering.⁸ Mr. Garille stated that Pascoag had demanded that the contractor either repay Pascoag the \$70,000 it incurred for the chiller or that a new properly operating chiller be installed at the ice rink.⁹ The hearing was then adjourned pending production by Pascoag of further information requested by the Division.

⁵ Id., p. 7.

⁶ Id., p. 17.

⁷ Id., pp. 19-20.

⁸ Id., pp. 29-30.

⁹ Id., p. 50.

On April 30, 2001, Pascoag responded to the Division's data requests, and on June 4, 2001, the hearing in this docket was resumed. Ms. Judith Allaire, Pascoag's Customer Service and Account Manager, and Mr. Garille testified on behalf of Pascoag. Ms. Allaire testified that the American Express charges for January and February 2000 were reimbursed to the DSM budget.¹⁰ Mr. Garille testified that RISE Engineering had agreed to provide the Levy Ice Rink with a new chiller at no additional cost to Pascoag, and that the new chiller would either match or exceed the efficiency rating of the prior chiller.¹¹ Mr. Garille stated that Pascoag would consider using some DSM funds to develop a conservation rate.¹² He also indicated support for the concept of Pascoag's participation in Narragansett's DSM Collaborative.¹³ Mr. Garille acknowledged that handing out free CF light bulbs was not a very cost-effective way to reduce demand for electricity.¹⁴ As for administrative charges, Mr. Garille stated although only \$13,746 was actually expended of the \$21,450 budgeted for this category in 2000, Pascoag had increased the 2001 budget for administrative charges to \$24,000.¹⁵

On August 24, 2001, the Division filed a memorandum recommending that the Commission approve Pascoag's 2001 DSM

¹⁰ Tr. 6/4/01, pp. 12-13.

¹¹ Id., p. 35.

¹² Id., p. 40.

¹³ Id., pp. 39-40.

¹⁴ Id., pp. 62-63.

¹⁵ Id., pp. 51-52.

budget as filed.¹⁶ Due to the difference in economies of scale, however, the Division did not recommend combining Pascoag's DSM programs with Narragansett's DSM programs, but indicated that it will assist Pascoag in benefiting from Narragansett's experience with regard to school and education programs.¹⁷

At an open meeting conducted on September 12, 2001, the Commission reviewed the testimony and evidence presented in this docket. The Commission found the proposed Conservation and Load management adjustment factor of \$0.0023 per kWh to be in compliance with the URA, and the DSM and renewable energy programs and budget for 2001 to be reasonable and in the best interest of the ratepayers. However, the Commission is concerned that Pascoag's ratepayers are not receiving the maximum benefit from their DSM funds. With regard to future DSM program/budget filings, therefore, the Commission will carefully scrutinize the proposed budget and, if appropriate, set aside a portion of DSM funds in a restricted account for use at later date. Lastly, the Commission directs that Pascoag make its annual DSM program/budget filing with the Commission at least six weeks prior to the requested effective date thereof.

¹⁶ Division's Memorandum dated 8/24/01.

¹⁷ Id.

Accordingly, it is

(16724) ORDERED:

1. The Demand Side Management (“DSM”) and renewable energy programs and related budget for 2001, as proposed in Pascoag Utility District’s February 27, 2001 filing, are hereby approved.
2. The Pascoag Utility District’s Conservation and Load Management adjustment factor of \$0.0023 per kilowatt-hour is hereby approved for usage commencing January 1, 2001 through December 31, 2001.
3. The Pascoag Utility District shall have flexibility to move funds from one DSM program to another with the concurrence of the Division.
4. The Pascoag Utility District will make its annual DSM program/budget filing with the Commission at least six weeks prior to the requested effective date thereof.
5. The Pascoag Utility District shall comply with all other findings and instructions contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND AS OF JANUARY 1,
2001, PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER
12, 2001. WRITTEN ORDER ISSUED SEPTEMBER 24, 2001.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner