

MAINE STATE LEGISLATURE

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December 4, 2006

Honorable Philip Bartlett III, Senate Chair
Honorable Lawrence Bliss, House Chair
Joint Standing Committee on Utilities and Energy
115 State House Station
Augusta, ME 04333

Re: Annual Report on Gas Conservation Programs

Dear Senator Bartlett and Representative Bliss:

Title 35-A M.R.S.A. § 4711 establishes energy efficiency programs for customers of natural gas utilities with more than 5,000 residential customers. Subsection 4711(5) requires the Public Utilities Commission (Commission) to report annually to the Utilities and Energy Committee on actions taken by gas utilities regarding conservation programs. The report must include a description of actions taken by gas utilities pursuant to § 4711, including descriptions of all conservation programs implemented during the prior 12 months and all conservation programs that the gas utilities plan to implement during the next 12 months. The report must also include a description of how the Commission determines the cost effectiveness of each conservation program and its assessment of the cost effectiveness of programs implemented during the prior 12 months. The report must indicate, for each gas utility to which the section applies, total expenditures for the past year and projected expenditures for the next year. Finally, the report must include any recommendations for statutory changes related to energy conservation by gas utilities.

Northern Utilities (Northern) is the only natural gas utility in Maine with more than 5,000 customers. On November 28, 2006, Northern filed a document entitled "Northern Utilities, Energy Efficiency 'Partners in Energy' Program" (November 28th Report). The November 28th Report summarizes the results of Northern's interim energy efficiency program during the period September 21, 2005 through April 30, 2006. The November 28th Report provides an overview of eleven interim energy efficiency programs serving 194 participants with an expenditure of \$56,143. Gas savings through the programs were purchased at a cost of \$.44 per therm compared to the \$1.86 per therm cost of supply for residential customers, representing a net annual savings of \$11,378.

A copy of the Commission's Chapter 480 rule that describes how the Commission evaluates program cost effectiveness is also attached for the Committee's review. Northern's interim programs discussed in the November 28th Report have not been screened for cost effectiveness by the Commission. Last year's exceptionally high

fuel prices drove Northern to file for approval of its interim programs before the Commission was able to complete its Chapter 480 cost effectiveness standard. Because Northern's interim programs are modeled after cost effective programs it runs in New Hampshire and Massachusetts, we fully expect that, if screened pursuant to Chapter 480, these interim programs would be found cost effective for Maine as well.

Because Northern is currently operating its programs on an interim basis, and will shortly file a full scale program for Commission review and approval, Northern's November 28th Report does not include spending projections for the next 12 months.

The Commission has no recommendations for changes to § 4711 at this time. As discussed above, the programs conducted by Northern last year were interim in nature. While full scale program operation will be somewhat different in that Northern will be developing a more expanded infrastructure for program delivery, the Commission expects that the current statute will perform sufficiently based upon the experience gained in the implementation of its own Efficiency Maine programs.

The attached two documents, Northern's November 28th Report and the Commission's Chapter 480 Rule, constitute the Commission's second annual report pursuant to § 4711. We look forward to working with the Committee regarding natural gas conservation issues. If you have any questions or comments regarding the report, please contact us.

Sincerely,

Kurt Adams, Chairman

On behalf of

Sharon M. Reishus, Commissioner
Maine Public Utilities Commission

Attachment

cc: Utilities and Energy Committee Members
Lucia Nixon, Legislative Analyst

Attachment 1
Northern Utilities Interim Programs



Derek Buchler, CEM
Manager, Demand Side Management

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November 28, 2006

VIA E-FILE AND OVERNIGHT COURIER

Ms. Karen Geraghty
Administrative Director
Maine Public Utilities Commission
242 State Street, 18 State House Station
Augusta, Maine 04333

Dear Ms. Geraghty:

In accordance with Commission Docket Nos. 2005-530 and 2005-645 approving Northern Utilities Interim Energy Efficiency Programs and Docket No. 2006-129, Order Adopting Rule and Statement of Factual and Policy Basis, enclosed please find one original and two copies of the Northern Utilities' Energy Efficiency PARTNERS IN ENERGY Program Achievements and Results report. The document includes program participation levels, forecasted energy savings and expenditures for Program Year 2005-2006 (September 21, 2005 – April 30, 2006).

We look forward to discussing the contents of this report with Staff and any other interested parties.

Please feel free to call me with any questions you may have.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Buchler".

Derek Buchler,
Manager, Demand Side Management

cc: Denis Bergeron – Maine PUC
Carol A. MacLennan, Esq. – Maine PUC
Stephen G. Ward, Esq. Public Advocate

NORTHERN UTILITIES

Energy Efficiency "PARTNERS IN ENERGY" Program

**Maine Public Utilities Commission
Docket Nos. 2005-530 & 2005-645**

ACHIEVEMENTS & RESULTS September 21, 2005 – April 30, 2006

November 28, 2006

Filed with the
Maine Public Utilities Commission
November 28, 2006

Table of Contents

I.	EXECUTIVE SUMMARY.....	1
II.	PROGRAM ACTIVITIES AND ACHIEVEMENTS	2
	1. Program Promotions.....	2
	2. Program Achievements	4
	Residential High Efficiency Heating Equipment Rebate Program	4
	Residential High Efficiency Water Heating Equipment Rebate Program	5
	Residential ENERGY STAR® Thermostat Rebate Program.....	6
	Residential ENERGY STAR® Windows Rebate Program.....	7
	Residential Low-Income Weatherization Program.....	8
	Residential Self-Install Weatherization Rebate Program	9
	Commercial High Efficiency Heating Equipment Rebate Program.....	10
	Commercial High Efficiency Water Heating Equipment Rebate Program.....	11
	Commercial High Efficiency Infrared Heating Equipment Rebate Program ...	12
	Commercial ENERGY STAR® Thermostat Rebate Program	13
	Commercial/Industrial Efficient Food Service Equipment Rebate Program....	14
III.	ATTACHMENTS	15
	A-1. Marketing Materials	

I. EXECUTIVE SUMMARY

On September 12, 2005, Northern Utilities ("Northern" or the "Company") filed with the Maine Public Utilities Commission ("Commission") a proposed Interim Energy Efficiency Program Proposal ("Partners In Energy", the "Plan", or "Interim Program") for the period 2005 / 2006 heating season (through April 30, 2006). On September 21, 2005, the Commission issued an Order in Docket No. 2005-530 approving the Interim Programs. Northern's Plan was immediately launched thereafter. On October 31, the Company filed with the Commission a request to add an additional component¹ to its Interim plan to address the unprecedented increase in natural gas prices at the time. On November 30, 2005, the Commission issued an Order in Docket No. 2005-645 approving the additional program component.

Through this filing, Northern is pleased to present the results and achievements of the Plan from the time of the Orders issued by the Commission through April 30, 2006.

Highlights include:

- The Company introduced regionally recognized and award winning rebate programs for the installation of high efficiency space and water heating equipment for both residential and small commercial customers
- The Company introduced additional rebate programs targeting specific technologies and customer sectors
- The Company established the working parameters and began offering a Low Income Residential Weatherization program in coordination with one of its two local CAP agencies
- The Company was admitted as a member to GasNetworks[®], a collaborative of natural gas utilities offering common energy efficiency programs throughout New England
- Extensive marketing materials and outreach activities were launched and pursued throughout the year
- 194 participants (individuals and businesses) installed energy saving measures in Northern's service territory
- Total lifetime therms savings achieved for measures installed through April 30, 2006 is 129,368 therms and is sufficient to provide heat and hot water to approximately 103 typical homes for a year
- The Company expended \$56,143 to provide energy efficiency programs and services to its customers, equating to a cost of \$0.44 per total lifetime therm saved compared to \$1.86 per ccf for the assumed residential average retail cost of gas
- The Company hosted a number of customer and contractor trainings in our service territory

¹ Self Install Weatherization Rebate Program

II. PROGRAM ACTIVITIES AND ACHIEVEMENTS

Northern began the rollout and implementation of Commission-approved interim gas energy efficiency programs and market transformation initiatives targeting residential, low-income and small C&I customers on September 21, 2005. These programs represent a concerted effort by the Company to offer a portfolio of services that: provide customers with safe reliable service at affordable prices; increase awareness of the benefits of energy efficiency products, services and practices; partner with customers to provide cost-effective energy efficiency products and services; partner with installation contractors and other market actors to transform markets for energy efficient products and services and induce lasting changes; and achieve these objectives through economical, efficient and effective program design and delivery.

1. Program Promotion

Table II-1 itemizes marketing and outreach activities that were undertaken in support of the Company's energy efficiency programs in the State of Maine since inception and beyond the end of Program Year 2005 – 2006.

**Table II-1
Program Marketing & Outreach Activities**

Date	Activity
August 2005	Meeting with People's Regional Opportunity Program (PROP), Community Concepts (CCI) and Maine State Housing Authority (MSHA)
October 2005	Fuel Assistance Campaign including posters to LI Agencies and legislators and newspaper ads
October 2005	Information booth at joint South Coast Maine / New Hampshire Seacoast Chamber of Commerce Trade Show
November 2005	Company formally admitted as new member GasNetworks collaborative
November 2005	Company web site updated to include energy efficiency program descriptions and offerings
November 2005	Company bill insert to all customers announcing rebate programs
November 2005	GasNetworks rebate forms and promotional materials redesigned to include Maine
December 2005	Letters and brochures sent to local retailers announcing the Self-Install Weatherization Rebate program
December 2005	Letters to contractors announcing Partners in Energy Program
January 2006	Featured article in Company newsletter to residential customers
February 2006	Held training event for contractors in Portland, Maine
March 2006	Promoted Program at Maine Energy Code Training Event
March 2006	Information booth at Maine Plumbing and Heating Contractor's Trade Show
April 2006	GasNetworks participates in New England Food Show
May 2006	GasNetworks Newsletter features article on Maine gas energy efficiency

	programs
September 2006	GasNetworks Annual Conference event
September 2006	Direct mail campaign to residential customers promoting Self-Install Weatherization Rebate program
October 2006	Letters and brochures sent to local retailers announcing the Self-Install Weatherization Rebate program
October 2006	NU volunteers for KeepMEWarm campaign
October 2006	Bill insert promoting Partners in Energy Program sent to Maine customers
October 2006	Company participates in WB "Whole House" television program promoting energy efficiency programs.
November 2006	Information booth at joint South Coast Maine / New Hampshire Seacoast Chamber of Commerce Event

Northern also distributed program-related printed materials to all potential program participants who inquired about the Programs when they contacted Northern's Partners in Energy Intake Center.

2. Program Achievements

Tables II-2 through II-12 present summaries of Northern's achieved expenditures, savings and participation levels for the Company's interim energy efficiency programs through April 30, 2006.

Table II-2
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Residential High Efficiency Heating Equipment Rebate Program
Target Market	Residential customers (including low-income customers and landlords) who heat their homes with gas, the builders/developers and heating/plumbing contractors who plan/install these systems, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market
Eligible Program Participants	Existing residential heating customers, residential non-heating customers (whom will become heating customers upon participation), residential non-customers who become gas heat customers as a result of installation of qualifying equipment and participating in the program, and builders.
Qualifying Equipment	High efficiency furnaces, water boilers, steam boilers used for space conditioning.

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$5,030	\$0	\$5,259	\$1,991	\$7,450	\$19,730	27	4,177	83,540

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 4.98 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program.

Table II-3
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Residential High Efficiency Water Heating Equipment Rebate Program
Target Market	Residential customers (including low-income customers and landlords) who use natural gas water heating equipment, the builders/developers and heating/plumbing contractors who plan/install these systems, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market
Eligible Program Participants	Existing residential heating customers, residential non-heating customers, residential non-customers who become gas customers as a result of installation of qualifying equipment and participating in the program, and builders.
Qualifying Equipment	Indirect water heaters and tanks connected to natural gas fired boilers, high efficiency on-demand water heaters

Program Expenditures and Participation²

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$2,147	\$0	\$1,937	\$860	\$1,200	\$6,171	12	888	17,760

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 1.77 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program.

² Data includes small commercial and industrial customers that participated in the program.

Table II-4
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Residential ENERGY STAR® Thermostat Rebate Program
Target Market	Residential customers (including low-income customers and landlords) who heat their homes with gas, the builders/developers and heating/plumbing contractors who plan/install these thermostats, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market
Eligible Program Participants	Existing residential heating customers that do not already use a programmable thermostat and builders.
Qualifying Equipment	ENERGY STAR® Labeled Programmable Thermostats

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$626	\$0	\$2,740	\$248	\$950	\$4,565	32	1,672	16,720

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 7.45 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

Table II-5
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Residential ENERGY STAR® Windows Rebate Program
Target Market	Residential customers (including low-income customers and landlords) who heat their homes with gas, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market
Eligible Program Participants	Existing residential gas heating customers that install qualifying windows in existing residential homes
Qualifying Equipment	ENERGY STAR® labeled windows

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$408	\$0	\$364	\$162	\$370	1304	4	86	3,018

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 2.51 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

Table II-6
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Residential Low-Income Weatherization Program
Target Market	Residential low-income heating customers with the intent to increase energy efficiency and reduce the energy cost burden.
Eligible Program Participants	Fuel assistance and low income customers that heat their homes with natural gas and with annual incomes at or below 150% of the federal poverty guidelines or incomes at or below 170% of federal poverty, if that household has an elderly member or a child under 24 months of age.
Qualifying Measures	Weatherization measures including but not limited to: <ul style="list-style-type: none"> • Attic Insulation • Wall Insulation • Floor Insulation • Pipe Insulation • Attic Hatch • Pull down attic hatch/stairway • Kneewall access • Caulking • Weatherstripping • Door sweep Heating System Repair and Replacement

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$6,091	\$0	\$5,374	\$96	\$0	\$11,561	0	0	0

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 1.64 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

Table II-7
Maine PUC Docket 2005-645³
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Residential Self-Install Weatherization Rebate Program
Target Market	Residential customers (including low-income customers and landlords) who heat their homes with gas, and can identify opportunities to save energy, and self-install low cost weatherization and water saving materials.
Eligible Program Participants	Existing residential heating customers that purchase and self-install low cost weatherization and water savings materials.
Qualifying Equipment	<ul style="list-style-type: none"> • Weatherstripping • Caulking • Foam insulation spray • Door sweeps and kits • Faucet aerators • Low-flow showerheads • Poly wrap for windows • Pipe insulation • Rigid board insulation • Garage door seals

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$1905	\$0	\$4,113	\$30	\$2,344	\$8,932	119	1190	8,330

Cost Effectiveness

This program is offered in New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 1.51 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

³ Note this program was filed with the Maine PUC and approved in a separate docket from all other programs offered during the Interim Program Period

Table II-8
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Commercial High Efficiency Heating Equipment Rebate Program
Target Market	Commercial and master-metered multifamily customers (who heat their buildings with gas, the builders/developers and heating/plumbing contractors who plan/install these systems, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market. Due to the size of qualifying equipment, most installations will occur in smaller businesses or multifamily buildings
Eligible Program Participants	Existing commercial and master-metered multifamily customers, commercial and master-metered multifamily non-heating customers (whom will become heating customers upon participation), commercial and master-metered multifamily non-customers who become customers as a result of installation of qualifying equipment and participating in the program, and builders.
Qualifying Equipment	High efficiency furnaces, water boilers, steam boilers used for space conditioning.

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$1,230	\$0	\$1,097	\$487	\$0	\$2,814	0	0	0

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 1.77 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 4.27. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

**Table II-9
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan**

PY 2005- 2006 Results

Name	Commercial High Efficiency Water Heating Equipment Rebate Program
Target Market	Commercial and master-metered multifamily customers who use natural gas water heating equipment, the builders/developers and heating/plumbing contractors who plan/install these systems, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market
Eligible Program Participants	Existing commercial customers, commercial non-customers who become customers as a result of installation of qualifying equipment and participating in the program, and builders.
Qualifying Equipment	Indirect water heaters and tanks connected to natural gas fired boilers, high efficiency on-demand water heaters

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
Results reported in Residential High Efficiency Water Heating Equipment Rebate Program								

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 1.77 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

Table II-10
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Commercial High Efficiency Infrared Heating Equipment Rebate Program
Target Market	Commercial customers who heat their buildings with gas, the builders/developers and heating/plumbing contractors who plan/install these systems, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market.
Eligible Program Participants	Existing commercial customers, commercial non-customers who become customers as a result of installation of qualifying equipment and participating in the program, and builders.
Qualifying Equipment	Natural gas-fired, low intensity infrared units

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$525	\$0	\$468	\$208	\$0	\$1,201	0	0	0

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 7.93 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

Table II-11
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Commercial ENERGY STAR® Thermostat Rebate Program
Target Market	Commercial and master-metered multifamily customers who heat their buildings with gas, the builders/developers and heating/plumbing contractors who plan/install these thermostats, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market
Eligible Program Participants	Existing commercial heating customers that do not already use a programmable thermostat and builders.
Qualifying Equipment	ENERGY STAR® Labeled Programmable Thermostats

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$124	\$0	\$110	\$49	\$0	\$2,83	0	0	0

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 4.09 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

Table II-12
Maine PUC Docket 2005-530
Northern Utilities
Partners in Energy Program
Interim Program Plan

PY 2005- 2006 Results

Name	Commercial & Industrial Efficient Food Service Equipment Rebate Program
Target Market	All food service operations that provide fried hot food, including restaurants, schools, institutional kitchens, office cafeterias and catering establishments. Additionally, Customers who utilize natural gas fired heating equipment in commercial and/or industrial kitchens, the builders/developers and heating/plumbing contractors who plan/install these systems, as well as the manufacturers, distributors, and wholesalers who bring this equipment to market.
Eligible Program Participants	Existing commercial and industrial customers, commercial and industrial non-customers who become customers as a result of installation of qualifying equipment and participating in the program, and builders.
Qualifying Equipment	ENERGY STAR [®] labeled high efficiency "Hot Oil" fryers

Program Expenditures and Participation

Internal Admin	External Admin	Marketing Training	Monitoring & Eval.	Customer Incentives	Total Expend.	Participants	Annual Savings	Lifetime Savings
\$171	\$0	\$153	\$68	\$0	\$392	0	0	0

Cost Effectiveness

This program is offered on regional and collaborative basis in both Massachusetts and New Hampshire in addition to the State of Maine. In April 2006 the program yielded a forecasted cost effectiveness value of 6.49 using the Total Resource Cost Test and was approved by the New Hampshire PUC in DG 06-36. As such, for administrative efficiency purposes, the Company did not attempt to determine the cost effectiveness of this program on a stand alone basis in Maine for the Interim Program

III. ATTACHMENTS



Northern Utilities
Natural Gas

A NiSource Company

325 West Road
Portsmouth, NH 03801

PR5RT STD
U.S. POSTAGE
PAID
RANDOLPH, MA
PERMIT NO. 35



Get \$25 today from Northern Utilities.
Get more for your money all year long.



Northern Utilities
Natural Gas
A NiSource Company

Receive a \$25 REBATE from Northern Utilities when you make your home more energy-efficient. Take action NOW and enjoy lower energy bills all year long!

Making your home more energy-efficient is as easy as 1, 2, 3!

1. Purchase and install qualifying materials from your local home improvement store. Always remember to follow manufacturer's instructions and applicable safety codes when installing materials.
2. Complete the entire rebate form. Your signature is required.
3. Submit the rebate form, copies of your receipts, and the original UPC codes to:

Northern Utilities
Attention: Self-Install Rebate Program
300 Friberg Parkway
Westborough, MA 01581

QUALIFYING MEASURES

Weatherstripping	Low-flow showerheads
Caulking	Poly wrap for windows
Foam insulation spray	Pipe insulation
Door sweeps and kits	Rigid board insulation
Faucet aerators	Garage door seals

PROGRAM GUIDELINES

- Must be a residential natural gas heating customer of Northern Utilities (Rate Codes R5 and R10 for New Hampshire customers; R2 for Maine customers)
- Account must be in customer's name
- Rebate amount not to exceed actual purchase price or \$25, whichever is less
- Limit one rebate per customer account
- Valid only for qualifying measures purchased between April 1, 2006, and April 30, 2007
- Entire form must be completed for rebate processing and submitted with dated receipt(s) and original UPC code from package(s) within 45 days of purchase
- All installations are subject to verification that the materials have been installed
- Program subject to availability of funds and subject to change without notice

NORTHERN UTILITIES SELF-INSTALL REBATE FORM

NORTHERN UTILITIES RESIDENTIAL HEATING ACCOUNT NUMBER

DATE

CUSTOMER NAME

ADDRESS WHERE MATERIALS WERE INSTALLED

CITY

STATE

ZIP

LANDLORD/OWNER NAME (WHERE REBATE IS TO BE MAILED, IF DIFFERENT FROM ABOVE)

ADDRESS

CITY

STATE

ZIP

I affirm that the qualifying materials for the rebate have been installed at the above address and agree that Northern Utilities has no liability with respect to the installation of these materials.

SIGNATURE

For more information about this and other energy-saving programs, call Partners In Energy at 1-800-232-0120 or visit us at www.northernutilities.com.



Northern Utilities
Natural Gas
A NiSource Company

Northern Utilities is here to help

IMPORTANT INFORMATION ABOUT
FREE PRODUCTS AND SERVICES THAT CAN
SAVE YOU ENERGY AND MONEY



**Northern Utilities
Natural Gas**
A NiSource Company

www.northernutilities.com
800-232-0120



**Northern Utilities
Natural Gas**
A NiSource Company

Northern Utilities is here to help you reduce the amount of energy you use and make your home more comfortable all year long.



You may be eligible for no-cost energy conservation measures if you currently receive fuel assistance.

The Northern Utilities Partners In Energy Program offers a free energy assessment of your home to identify possible energy-saving opportunities. Plus, you may qualify for free energy-saving materials and installation services.

Under the Partners In Energy Program, income-eligible customers may receive free installation of:

- Attic, sidewall, pipe and/or duct insulation
- Weatherstripping
- Air sealing
- Minor repairs associated with weatherization
- Water heater wraps
- Low-flow showerheads

Northern Utilities partners with local Community Action Agencies to deliver the most comprehensive program to our customers. To see if you qualify for fuel assistance or other community action programs, please contact your local agency.

**People's Regional Opportunity Program
207-842-2988**

To schedule your home energy assessment today, call Northern Utilities at 800-232-0120 or visit www.northernutilities.com



**Northern Utilities
Natural Gas**
A NiSource Company

800-232-0120
www.northernutilities.com



**Northern Utilities
Natural Gas**
A NiSource Company

**Northern
Utilities**
announces new
energy efficiency
programs that can
help you save
money and reduce
your energy bills.

**SAVE
A
B
E
R**

Introducing Your Partners in Energy. Northern Utilities is pleased to offer — for the first time ever — energy efficiency programs¹ and rebates to natural gas customers. Now you can replace old, inefficient equipment with high-efficiency or ENERGY STAR[®]-labeled models, get cash back AND save up to 30% on heating costs. Take a look at these great rebates and see how you can save money and energy when you make energy efficiency improvements in your home.

ELIGIBLE EQUIPMENT REBATE

**HIGH-EFFICIENCY NATURAL GAS
WARM AIR FURNACE**

AFUE Rating 90% or greater **\$150**

AFUE* Rating 92% or greater w/Electronic
Commutated Motor (or equivalent
advanced furnace fan system) **\$400**

**HIGH-EFFICIENCY NATURAL
GAS BOILER**

Steam Boiler
AFUE Rating 82% or greater **\$200**

Hot Water Boiler
AFUE Rating 85% or greater **\$500**

**HIGH-EFFICIENCY INDIRECT
WATER HEATER**

Attached to a natural gas boiler **\$300**

ELIGIBLE EQUIPMENT REBATE

**HIGH-EFFICIENCY ON-DEMAND
TANKLESS WATER HEATER**

.82 EF (Energy Factor) or greater
with Electronic Ignition **\$300**

**ENERGY STAR[®]-LABELLED
PROGRAMMABLE THERMOSTATS**

See enclosed
rebate form

ENERGY STAR[®]-Labeled
Programmable Thermostats **\$25**

There is a two-rebate limit per account, and the
rebate cannot exceed the purchase price of the
thermostat.

ENERGY STAR[®]-LABELLED WINDOWS

ENERGY STAR[®]-Labeled Windows
with a U-factor of .35 or less **\$10**

Rebate is \$10 per window
(maximum 50 windows per account)

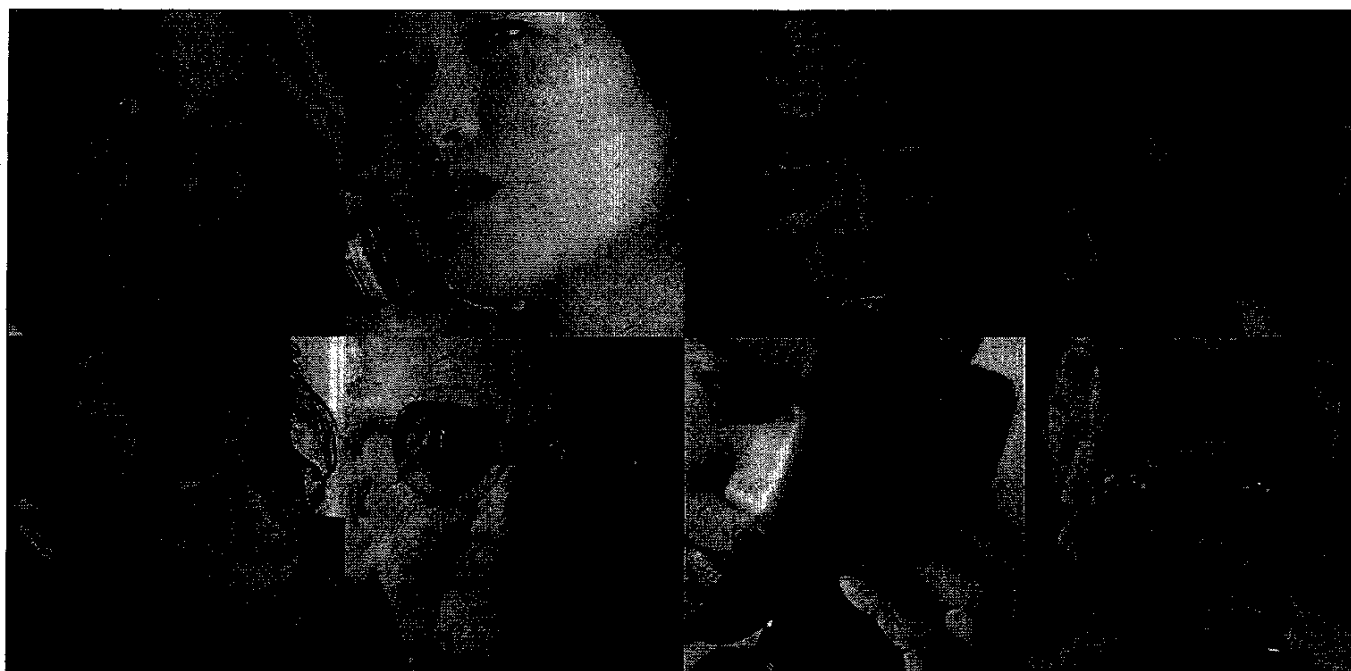
*Annual Fuel Utilization Efficiency

Rebates valid for purchases made between 9/17/05 and 4/30/06. Other restrictions may apply.

¹Customers with limited incomes may be eligible for free or discounted products and services. Contact your local Community Action Program for eligibility.



FOR MORE INFORMATION about our programs and rebate forms,
call 800-232-0120 or visit www.northernutilities.com



Where To Turn For **HELP** With Heating Costs

Whether you heat with gas, oil or electricity, your heating bills are going to be higher this winter. Global energy costs, supply and demand, the economy, and the weather will all play a part in pushing up heating costs this winter.

Income Limits			
Household Size	Maximum Income*	Household Size	Maximum Income*
1	\$13,625	5	\$33,915
2	\$19,245	6	\$38,805
3	\$24,135	7	\$43,695
4	\$29,025	8	\$48,585

*Income limits are higher for households with an elderly or disabled person, or child under 2-yrs. Call your Fuel Assistance office to see if you qualify.

Northern Utilities wants you to know that help is available! Fuel Assistance and Weatherization Assistance programs provide income eligible households with financial assistance to help pay winter heating bills. **If your income falls within the limits shown**, call your local Fuel Assistance office for information on payment assistance and energy saving services that may be available to you.



Northern Utilities
A NiSource Company

For help, call your local Fuel Assistance office:

- PROP: (207) 874-1140
- Community Concepts: (207) 795-4065

www.northernutilities.com



Where To Turn For HELP With Heating Costs

Whether you heat with gas, oil or electricity, your heating bills are going to be higher this winter. Global energy costs, supply and demand, the economy, and the weather will all play a part in pushing up heating costs this winter.

Household Size	Maximum Income	Household Size	Maximum Income
1	\$12,625	5	\$28,105
2	\$16,245	6	\$32,105
3	\$21,165	7	\$36,105
4	\$25,125	8	\$40,105

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**Northern Utilities
Natural Gas**

A NiSource Company

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**Introduces equipment rebate Training Seminar
Come join us for breakfast on**

**Tuesday, February 28, 2005 or
Wednesday, March 1, 2005**

GET AN EDGE ON YOUR COMPETITION – LEARN ABOUT:

- Up to \$850 Rebate Offers to customers/contractors/builders
- Ways to increase your business/profits
- Advantages of promoting high efficiency equipment
- Additional GasNetworks® Training opportunities

**Register now! There is no charge, however seating is limited!
CALL 1-800-232-0120**

Did you know that Northern Utilities, as a proud member of GasNetworks, offers up to \$850 in rebates towards the installation of high efficiency natural gas equipment?

Join us for a FREE upcoming training session to learn how you can take advantage of these and other rebate programs. You will also learn about the benefits of promoting high efficiency equipment and future training opportunities for contractors.

Tuesday, February 28, 2006 7 a.m. – 9 a.m.
Double Tree, Portland, ME
or

Wednesday, March 1, 2006 7 a.m. – 9 a.m.
Ramada, Lewiston, ME

Space is limited. Register Today!
Registration Deadline is Friday, February 24

CALL 1-800-232-0120


GasNetworks

**A FREE GIFT WILL
BE GIVEN TO ALL
PARTICIPANTS!**

**BREAKFAST
WILL BE SERVED**



**THE SELF-INSTALL REBATE FOR
RESIDENTIAL HEATING CUSTOMERS**

Receive a \$25 rebate from Northern Utilities when you weatherize your home this winter. You can start saving now when you purchase and install qualifying improvements from your local home improvement store.

Qualifying Measures

- Weather stripping
- Low-flow showerheads
- Caulking
- Poly wrap for windows
- Foam insulation spray
- Pipe insulation
- Door sweeps and kits
- Rigid door insulation
- Faucet aerators
- Garage door seals

Rebates for Your Home or Small Business

ENERGY EFFICIENCY PROGRAMS
TO HELP YOU SAVE MONEY AND
REDUCE YOUR ENERGY BILLS



800-232-0120
www.northernutilities.com



Northern Utilities' Partners In Energy Program is pleased to offer energy efficiency programs¹ and rebates to residential and small commercial natural gas heating customers. You can replace old, inefficient equipment with high-efficiency or ENERGY STAR[®]-labeled models, get cash back AND save up to 30% on heating costs. Take a look at these great rebates and see how you can save money and energy when you make energy efficiency improvements in your home.

ELIGIBLE EQUIPMENT	REBATE
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HIGH-EFFICIENCY NATURAL GAS WARM AIR FURNACE

AFUE* Rating 90% or greater	\$100
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AFUE Rating 92% or greater w/Electronic Commutated Motor (or equivalent advanced furnace fan system)	\$400
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HIGH-EFFICIENCY NATURAL GAS BOILER

Steam Boiler AFUE Rating 82% or greater	\$200
--	-------

Hot Water Boiler AFUE Rating 85% or greater	\$500
--	-------

Hot Water Boiler AFUE Rating 90% or greater	\$800
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HIGH-EFFICIENCY INDIRECT WATER HEATER

Attached to a natural gas boiler	\$300
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ELIGIBLE EQUIPMENT	REBATE
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HIGH-EFFICIENCY ON-DEMAND TANKLESS WATER HEATER

.82 EF (Energy Factor) or greater with Electronic Ignition	\$300
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ENERGY STAR[®]-LABELED PROGRAMMABLE THERMOSTATS

ENERGY STAR [®] -Labeled Programmable Thermostats	\$25
--	------

There is a two-rebate limit per account, and the rebate cannot exceed the purchase price of the thermostat.

ENERGY STAR[®]-LABELED WINDOWS

ENERGY STAR [®] -Labeled Windows with a U-factor of .35 or less	\$10
--	------

Rebate is \$10 per window (maximum 50 windows per account)

Rebate is available to residential customers only.



*Annual Fuel Utilization Efficiency

Rebates valid for purchases made between 9/1/06 and 4/30/07. Other restrictions may apply.

¹ Customers with limited incomes may be eligible for free or discounted products and services. Contact your local Community Action Program for eligibility.

**MORE REBATES
ON BACK**



FOR MORE INFORMATION about our programs and rebate forms, call 800-232-0120 or visit www.northernutilities.com

Attachment 2
MPUC Rule Chapter 480

65 - INDEPENDENT AGENCIES - REGULATORY

407 - PUBLIC UTILITIES COMMISSION

CHAPTER 480 –NATURAL GAS ENERGY CONSERVATION PROGRAMS

SUMMARY: This Chapter describes how natural gas utilities serving more than 5,000 residential customers must implement natural gas energy conservation programs.

TABLE OF CONTENTS

§ 1 PURPOSE	3
§ 2 DEFINITIONS	3
A. <u>Gas Conservation programs</u>	3
B. <u>Gas Distribution Utility</u>	3
C. <u>Low-income residential consumer</u>	3
D. <u>Measure</u>	3
E. <u>Participant</u>	3
F. <u>Small business consumer</u>	3
§ 3 GAS CONSERVATION PROGRAMS	3
A. <u>Criteria for Conservation Programs</u>	3
B. <u>Terms and Conditions</u>	4
§ 4 COST EFFECTIVENESS TESTS	5
A. <u>Modified Societal Test</u>	5
1. <u>Program benefits</u>	5
2. <u>Program costs</u>	6
3. <u>Discount rate assumption</u>	6
4. <u>Net present value</u>	6

5.	<u>Post-program effects</u>	6
6.	<u>Incentive Level Limitation</u>	6
B.	<u>Non-Quantifiable Cost Effectiveness Test</u>	7
§ 5	FUNDING LEVEL.....	7
§ 6	COST RECOVERY.....	7
§ 7	REPORTS	7
§ 8	WAIVER OR EXEMPTION	8

§ 1 PURPOSE

The purpose of this Chapter is to implement the requirements of 35-A M.R.S.A. § 4711. Section 4711 requires all natural gas utilities in the State that serve 5,000 or more residential consumers to implement gas conservation programs.

This Chapter describes how and for whom natural gas utilities must implement cost effective gas conservation programs. The Chapter also defines the standards by which the Commission will judge programs to be cost effective.

§ 2 DEFINITIONS

A. Gas conservation programs. "Gas conservation programs" means programs developed by an affected gas distribution utility pursuant to 35-A M.R.S.A. § 4711 and this Chapter.

B. Gas Distribution Utility. "Gas distribution utility" means a gas utility as defined in 35-A M.R.S.A. § 102(8) that serves 5,000 or more residential consumers.

C. Low-income residential consumer. "Low-income residential consumer" means a customer of a gas utility living in a household that would qualify to receive assistance through the Low Income Home Energy Assistance Program (LIHEAP), as those qualifications are established in rule by Maine State Housing Authority from time to time. If a customer has not applied for authorization to receive LIHEAP benefits but conforms to the criteria established by Maine State Housing Authority, he or she shall be considered a low-income consumer for purposes of this Chapter.

D. Measure. "Measure" means a device or an application installed or implemented as a result of a program and that improves energy efficiency.

E. Participant. "Participant" means a customer who directly takes part in a gas conservation program.

F. Small business consumer. "Small business consumer" means a commercial customer of a gas distribution utility that has an annual usage of 40,000 ccf or less.

§ 3 GAS CONSERVATION PROGRAMS

A. Criteria for Conservation Programs
Gas distribution utilities adopting and implementing gas conservation programs shall seek to encourage efficiency in natural gas use, provide incentives for the development of new, energy-efficient business activity in the State and take into

account the costs and benefits of energy efficiency and conservation to existing business activity in the State.

1. Program Design. Gas distribution utilities shall design and implement conservation programs that:
 - (a) increase consumer awareness of cost-effective options for conserving energy;
 - (b) create more favorable market conditions for the increased use of efficient products and services; and
 - (c) promote sustainable economic development and reduced environmental damage.
2. Program Targets. The gas distribution utilities shall:
 - (a) target at least 10% of available funds to programs for low-income residential consumers;
 - (b) target at least 20% of available funds to programs for small business consumers; and
 - (c) To the greatest extent practicable, apportion remaining available funds among customer groups and geographic areas in a manner that allows all other customers to have a reasonable opportunity to participate in one or more conservation programs.
3. Program Cost Effectiveness. Programs shall meet the cost effectiveness tests established in Section 4.
4. Program Funding Levels. Programs shall be deliverable within the funding level established pursuant to section 5.

B. Terms and Conditions. As required by 35-A M.R.S.A. § 304, gas conservation programs shall be implemented as part of the gas distribution utility's schedules on file with the Commission. New gas conservation programs and changes to existing gas conservation programs shall be filed with the Commission as a change in the gas distribution utility's schedules pursuant to 35-A M.R.S.A. § 307.

1. Information to be Submitted. A gas distribution utility submitting a gas conservation program shall file the following information with the Commission and the Office of the Public Advocate:

- a. Proposed new or revised Terms and Conditions describing the proposed gas conservation program, and a schedule of any new or revised rates or charges proposed in conjunction with the program.

b. A description of the proposed gas conservation program, including its target group, schedule, projected gas savings, avoided costs, participant costs and savings, program costs and benefits, rate impacts and impacts on end uses and amenity level.

c. An analysis of the proposed gas conservation program showing that it is reasonably likely to be cost effective as defined in this Rule.

d. Any other information the gas utility believes will assist the Commission in reviewing the cost effectiveness of the proposed program and the justness and reasonableness of the proposed terms and Conditions.

2. Delegation of Authority. The Commission delegates its authority to review, suspend, approve and order changes to gas utility schedules related to energy conservation programs, including terms and conditions, to the Director of Energy Programs.

3. Effect of Commission Approval. The Commission's approval of a gas conservation program shall be a determination that the program is just and reasonable on the basis of the information available as of the date of approval. Any gas distribution utility implementing such a program has a continuing obligation to monitor, evaluate and review the program to determine whether the program as implemented is cost effective and whether continuation of the program as approved is reasonable.

§ 4 COST EFFECTIVENESS TESTS

The following tests will be used to determine whether a program is cost effective.

A. Modified Societal Test. Programs that are reasonably likely to satisfy the Modified Societal Test are cost effective. The Modified Societal Test is satisfied when the program benefits exceed the program costs. Costs and benefits shall be considered in the Modified Societal Test regardless of whether they are paid or experienced by the program participant or by the natural gas distribution utility or any other individual, business, or government agency.

1. Program benefits. Program benefits will include the following:

a) Avoided natural gas commodity costs. These estimates may be differentiated by time periods that influence market prices, including but not limited to peak and off-peak periods and summer and winter periods.

b) Avoided natural gas transportation, distribution, and storage costs, using estimates of gas transportation marginal costs. These estimates may be differentiated by time periods that influence costs.

c) Avoided electric costs including any energy, capacity, and transmission and distribution costs avoided as a result of program implementation.

d) Other resource benefits, such as reduced water and sewer costs.

e) Non-resource benefits, including customer benefits such as reduced operation and maintenance costs, deferred replacement costs, productivity improvements, economic development benefits and environmental benefits, to the extent such benefits can be reasonably quantified and valued.

2. Program costs. Program costs will include the following:

a) Direct program costs, including program design, administration, implementation, marketing, evaluation and other reasonably identifiable costs directly associated with the program.

b) Measure costs. For new construction programs, measure costs are the incremental costs of the energy efficiency measure, including installation, over an equivalent baseline measure. For retrofit programs, measure costs are the full cost of the energy efficiency measure, including installation, less any salvage for the replaced measure.

c) Ongoing customer costs, including costs such as increased operation and maintenance costs, reduced productivity, and lost economic development opportunities, and environmental degradation, to the extent such costs can be reasonably quantified and valued.

3. Discount rate assumption. The discount rate used for present value calculations shall be the gas distribution utility's most recently established weighted cost of capital.

4. Net present value. Cost effectiveness of a gas efficiency measure will be calculated based on the net present value of the costs and benefits over the expected life of the measure.

5. Post-program effects. For programs expected to influence the development of self-sustaining markets, program cost effectiveness will be calculated for a reasonable additional period after the program is terminated in order to capture post-program market effects.

6. Incentive Level Limitation. When developing a program that satisfies the Modified Societal Test, the gas distribution utility shall consider the value of the program savings associated with natural gas production and delivery when setting incentive levels.

B. Unquantifiable Cost Effectiveness Test. Gas distribution utilities may implement a program without satisfying the Modified Societal Test if approved by the Commission based on a demonstration that:

1. program benefits are known to exist but cannot be quantified with sufficient accuracy to conclude that program benefits exceed program costs;
2. the program satisfies some unquantifiable statutory criterion or an unquantifiable goal or objective established by the Commission in implementing 35-A M.R.S.A. § 4711; and
3. the entire portfolio of gas conservation programs taken together and including the cost of the unquantifiable program produces quantifiable benefits that substantially exceed total portfolio program costs.

Gas distribution utilities shall not spend or commit to spend more than 5% of the annual conservation budget on any program found to be cost effective under this Subsection B without express Commission approval of the spending level.

§ 5 FUNDING LEVEL

Gas distribution utilities shall undertake energy efficiency programs designed to operate within an annual budget upon full program implementation that is no less than 3% of the utility's annual delivery revenue. For purposes of this Chapter, delivery revenue means all revenue received by the gas distribution utility from the application of its delivery service base rates, which are exclusive of those revenues generated from the application of the utility's Cost of Gas Factor and any other tariff surcharges additional to the base rates.

§ 6 COST RECOVERY

To the extent prudently incurred, all costs incurred by a gas distribution utility implementing gas conservation programs will be included in rates. Gas conservation costs shall be reconciled for differences between actual and estimated revenue and expenses annually in conjunction with the gas distribution utility's summer cost of gas adjustment filings.

§ 7 REPORTS

Gas distribution utilities shall report by July 31st of each year to the Commission a description of actions taken and progress made in the implementation of programs in the twelve month period ending on the prior April 30th. Reports shall include at a minimum:

- 1) a description of each program offered;
- 2) the program's projected cost effectiveness;

- 3) the program's calendar year annual expenditures;
- 4) the number of customers who participate;
- 5) the estimated annual energy savings; and,
- 6) expenses incurred in overall program administration.

§ 8 WAIVER OR EXEMPTION

Upon the request of any person subject to the provisions of this Chapter or upon its own motion, the Commission may waive any of the requirements of this Chapter that are not required by statute. Where good cause exists, the Commission or its designee may grant the requested waiver, provided that the granting of the waiver would not be inconsistent with the purposes of this Chapter of Title 35-A.

BASIS STATEMENT: The factual and policy basis for this rule is set forth in the Commission's Order Adopting Rule, Docket No. 2006-129, issued on **July 26, 2006**. Copies of this Statement and Order have been filed with this rule at the Office of the Secretary of State. Copies may also be obtained from the Administrative Director, Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, Maine 04333-0018.

AUTHORITY: 35-A M.R.S.A. §§ 4711

EFFECTIVE DATE: This Chapter was approved as to form and legality by the Attorney General on 8/3/06. It was filed with the Secretary of State on 8/8/06 and will be effective on 8/13/06 2006.

65 - INDEPENDENT AGENCIES - REGULATORY

407 - PUBLIC UTILITIES COMMISSION

CHAPTER 480 -NATURAL GAS ENERGY CONSERVATION PROGRAMS

SUMMARY: This Chapter describes how natural gas utilities serving more than 5,000 residential customers must implement natural gas energy conservation programs.

TABLE OF CONTENTS

§ 1 PURPOSE	3
§ 2 DEFINITIONS	3
A. <u>Gas Conservation programs</u>	3
B. <u>Gas Distribution Utility</u>	3
C. <u>Low-income residential consumer</u>	3
D. <u>Measure</u>	3
E. <u>Participant</u>	3
F. <u>Small business consumer</u>	3
§ 3 GAS CONSERVATION PROGRAMS	3
A. <u>Criteria for Conservation Programs</u>	3
B. <u>Terms and Conditions</u>	4
§ 4 COST EFFECTIVENESS TESTS	5
A. <u>Modified Societal Test</u>	5
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3. <u>Discount rate assumption</u>	6
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5.	<u>Post-program effects</u>	6
6.	<u>Incentive Level Limitation</u>	6
B.	<u>Non-Quantifiable Cost Effectiveness Test</u>	7
§ 5	FUNDING LEVEL.....	7
§ 6	COST RECOVERY.....	7
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§ 8 WAIVER OR EXEMPTION

Upon the request of any person subject to the provisions of this Chapter or upon its own motion, the Commission may waive any of the requirements of this Chapter that are not required by statute. Where good cause exists, the Commission or its designee may grant the requested waiver, provided that the granting of the waiver would not be inconsistent with the purposes of this Chapter of Title 35-A.

BASIS STATEMENT: The factual and policy basis for this rule is set forth in the Commission's Order Adopting Rule, Docket No. 2006-129, issued on **July 26, 2006**. Copies of this Statement and Order have been filed with this rule at the Office of the Secretary of State. Copies may also be obtained from the Administrative Director, Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, Maine 04333-0018.

AUTHORITY: 35-A M.R.S.A. §§ 4711

EFFECTIVE DATE: This Chapter was approved as to form and legality by the Attorney General on 8/3/06. It was filed with the Secretary of State on 8/8/06 and will be effective on 8/13/06 2006.