

**Mid-Term Modification Request for Unitil Electric**  
**November 1, 2017**

Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”) is committed to securing energy savings consistent with its portfolio level savings goals for the period 2016 through 2018, as endorsed by the Energy Efficiency Advisory Council (“EEAC” or “Council”) and approved by the Department of Public Utilities (“Department”), in a cost-effective manner. Unitil has experienced higher than planned demand for residential energy efficiency services. In order to continue offering its current level of service, Unitil proposes to increase its budget for energy efficiency initiatives within the electric Residential Products program. The proposed adjustment triggers a “Category One” Mid-Term Modification (“MTM”), which requires Council review and approval, pursuant to § 3.8 of the revised Energy Efficiency Guidelines (“Guidelines”) issued by the Department in D.P.U. 11-120. Unitil requests Council approval to make the modifications to its electric Energy Efficiency Plan as described below.

**I. Residential Sector:**

The Residential Products Program has experienced a significant increase in activity as the implementation of the 2016-2018 Plan has progressed. Much of this activity is a result of increased awareness within the Company’s territory by the trade ally community, such as local equipment distributors, HVAC contractors, and others, of statewide program offerings.

With respect to the Residential ENERGY STAR® Lighting initiative, a key driver of the increase in activity is an increase in upstream promotions and targeted points of entry. The Company’s corporate retail partners have access to more promotions than in years past and have benefited from increased participation and competition from manufacturers. In addition, the Company has increased the number of independent retailers that participate in the initiative.

Within the Residential Electric Heating & Cooling initiative, the upstream offering for ECM circulator pumps has been well adopted by the HVAC and plumbing industry, and participation has increased far beyond projections.

Finally, the Company has successfully leveraged creative statewide marketing approaches to reach all participants and retailers. The approaches include increasing social media activity, forming local retail partnerships and holding events, and sponsoring retail point-of-purchase promotions to promote qualifying ENERGY STAR® lighting and products. As such, the Residential Products program requires additional funds to ensure continued services as presented in Table 1:

**Table 1:**

<b>Program</b>	<b>Approved Three Year Plan Budget</b>	<b>2016-2018 Projected</b> <i>(2016 Actual + 2017 Projected + 2018 Estimate)</i>	<b>Additional Budget Requested for Approval</b>	<b>Percent Change from Approved Three Year Plan Budget</b>
<b>Products</b>	\$883,109	\$1,473,109	\$590,000	67% increase

The bill impact related to the request for an increase to the Products Program budget, as calculated per the Guidelines, does not trigger a “Category Two” MTM, and therefore does not require Department review or approval. With the Council’s approval, the Company shall implement the proposed modification.

The proposed Residential Products budget increase will allow Unitil to continue operating all three program initiatives,<sup>1</sup> which will result in additional associated savings. As of September 30, 2017, spending for the Products program was at 101 percent of the originally approved Three Year Plan budget.<sup>2</sup>

Combined annual savings from the Electric Residential Products program for 2016 and 2017 through September, 2017 exceeds 3,200 MWh, which is approximately 104 percent of the program’s three-year goal. Unitil proposes to increase the currently approved Residential Products Program budget by \$590,000 (see Table 1 above). The proposed increase is reasonable and will allow the Company to continue to serve customers through December 2018. These additional funds, if approved by the Council, will be used to provide incentive payments for additional rebated measures and related administrative costs.

Should the Council approve the additional funding for the Residential Products Program, the Company estimates that actual annual kWh savings from customers participating in the Residential Products program in the three-year period will be approximately 72 percent higher than approved total Residential Products program savings goals, while the cost for the Residential Products program will end the term at approximately 67% above the approved three year budget.

**Performance Incentives:**

The Company does not propose any changes to the Department-approved performance incentive (“PI”) model as a result of this proposed Program budget increase, and will maintain the threshold, design, and exemplary levels of performance for the Savings and Value Mechanisms as approved in the updated PI model submitted to the Department in Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 15-167 (2016). The Company intends to compare actual results for the programs to original Department-approved budgets as part of the Company’s Plan Year and overall Term performance reporting.

---

<sup>1</sup> The three initiatives are Residential Heating and Cooling Equipment, Lighting, and Consumer Products.

<sup>2</sup> Savings included are actuals through September, 2017.

## **II. Summary:**

The Company will continue to monitor all initiatives and programs closely, as well as market and environmental factors related to program delivery with a commitment to continuing to serve its customers. Should the need arise, the Company will notify and work with the Council and the Department to ensure that all efforts are made to continue program offerings in a cost-effective manner that serves common interests.

### Additional Material for Informational Purposes Only

The additional information summarized below is provided by Unitil for context and informational purposes only. Council action is requested solely on the modification described above. The Council, in acting on the above modifications, is not acting on or approving the estimates provided by Unitil below.

Table 2 shows the Company's 2016-2018 Plan values for annual savings, lifetime savings, benefits, and expenses as currently approved for all Programs with the exception of Residential Products Program. The total for this Program reflects the budget change requested, as well as actual savings for 2016, projected savings for 2017, and the anticipated savings for 2018, should the Company's Mid-Term Modification request be approved.

**Table 2: Unitil Electric 2016-2018 Anticipated Outcomes with Proposed Budget**

Unitil Electric 2016-2018												
SECTOR	ANNUAL SAVINGS (MWh)			LIFETIME SAVINGS (MWh)			BENEFITS (LIFETIME \$000s)			BUDGET (\$000s)		
	2016-18 App'd	2016-18 with Proposed Budget Adjustment	% Of Goal	2016-18 Approved	2016-18 with Proposed Budget Adjustment	% Of Goal	2016-18 Approved	2016-18 with Proposed Budget Adjustment	% Of Goal	2016-18 Approved	2016-18 with Proposed Budget Adjustment	% Of Goal
	(a)	(b)	(a)	(d)	(e)	(d)	(g)	(h)	(g)	(j)	(k)	(j)
<b>Res</b>	5,004 MWh	7,259 MWh	145%	44,762 MWh	56,545MWh	126%	\$16,206,956	\$17,607,980	109%	\$4,557,726	\$5,147,726	113%
Res Products	3,148 MWh	5,404 MWh	172%	23,073 MWh	34,856 MWh	151%	\$2,756,879	\$4,157,902	151%	\$883,109	\$1,473,109	167%
<b>LI</b>	686 MWh	686 MWh	-	7,785 MWh	7,785 MWh	-	\$4,024,865	\$4,024,865	-	\$1,858,189	\$1,858,189	-
<b>C&amp;I</b>	19,363 MWh	19,363 MWh	-	230,063 MWh	230,063 MWh	-	\$35,533,416	\$35,533,416	-	\$8,101,579	\$8,101,579	-
<b>Total</b>	<b>25,052 MWh</b>	<b>27,308 MWh</b>	<b>109%</b>	<b>282,610 MWh</b>	<b>294,393 MWh</b>	<b>104%</b>	<b>\$55,765,238</b>	<b>\$57,166,261</b>	<b>103%</b>	<b>\$14,517,493</b>	<b>\$15,107,494</b>	<b>104%</b>