

Mid-Term Modification Request for The Berkshire Gas Company

The Berkshire Gas Company (the “Company”) is committed to reaching its Three-Year Plan portfolio level savings goals for the period 2013-2015, as endorsed by the Energy Efficiency Advisory Council (“EEAC” or “Council”) and approved by the Department of Public Utilities (“Department”). In order to do so, the Company is proposing to adjust its efforts in order to meet customer demand for services as well as to achieve desired results. The proposed adjusted efforts trigger the need for Council support for the Company pursuant to § 3.8.1 of the revised Energy Efficiency Guidelines issued by the Department in D.P.U. 11-120-A, Phase II. The Company requests Council support to make the following significant modifications to its Energy Efficiency Plan (“Plan”).

In order to meet increased demand for both residential and commercial and industrial (“C&I”) services, the Company is requesting support for budget increases in its Residential Whole House and C&I New Construction program categories, as follows:

Program	Planned Budget	2013-2015 Projected (2013 Plan Year Report, 2014 Q4, and 2015 Projections)	Additional Budget Requested for Approval	Percentage Change from Plan
Residential Whole House	\$3,839,847	\$5,343,546	\$1,503,700	39%
C&I New Construction	\$1,042,697	\$1,367,220	\$324,523	31%

The request for increased budget is required in order for the Company to maintain current Three-Year Plan program offerings and to continue to pursue all available, cost-effective energy efficiency in accordance with the Green Communities Act. The Company is requesting support for budget increases in its Residential Whole House and C&I New Construction program categories, as follows:

Residential Whole House

Beginning in 2013, the popularity of the Early Boiler Replacement Offering, within the Home Energy Services (“HES”) core-initiative, and the addition of the Early Furnace Replacement Offering in 2014, resulted in the Company exceeding its annual program savings goals for both years. These enhancements were well received by both customers and contractors, and in 2014 alone, the number of participants was more than double what was expected, resulting in a lifetime savings achievement of 161% of the yearly goal of the HES core initiative. Having already fielded numerous inquiries from customers and local heating professionals about the availability of these rebates in 2015, the Company anticipates a similar participation rate for the 2015 program year, which will require additional funding. Another reason for seeking additional funding in residential Whole House is related to the Efficient Neighborhoods+® effort within HES. This initiative included relatively high marketing and startup costs that have contributed to additional spending in the Whole House program. Based on the achievements in HES, the cumulative actual lifetime savings for HES have already reached 106% of the three-year term goal as of the close of the 2014 program year.

The 2014 program year also marked the successful launch of the Company's first-ever behavioral effort. Over 10,000 heating customers of the Company will receive a total of five home energy reports over the 2014-2015 heating season detailing their energy usage and offering a sense of how they compare to their closest neighbors. Other customized efforts within the initiative include establishing a customer service team and instituting an online customer portal offering personalized energy saving tips. While the Company was able to obtain a lower overall cost by utilizing a multi-utility contract with its behavioral vendor, the total cost of the contract, which included a one-time set up fee, was significantly higher than projected. The Company expects lower costs going forward as the initial set up costs have now been paid.

In order to continue to achieve savings and offer these programs, the Company requires additional funding. As a result of the reasons above described, the Company is proposing to add \$1,503,700 to the currently approved three-year budget for the Residential Whole House Program. These budget increases are appropriate and will allow the Company to achieve even greater residential savings. If approved, the additional funds will be used to cover customer incentives and associated administrative costs. The additional budget will allow the Company to maintain the current trend and serve its customers through the remainder of 2015.

C&I New Construction

The Company has worked closely with electric Program Administrators that share its service territory to maintain and further improve gas-electric integration. One key component of these efforts was to create a more streamlined and "customer friendly" joint approach towards C&I custom new construction projects. As a result of these improvements, the Company experienced an increased number of projects which resulted in higher than anticipated customer incentives. Additionally, the Company, along with other gas Program Administrators, has successfully worked with one of its statewide circuit-riders that specializes in kitchen equipment supply houses. The result has been an unprecedented amount of high efficiency food service equipment rebates being processed which, in turn, results in higher than projected incentives/rebates being paid to customers. These improvements have helped the C&I New Construction program to achieve savings, but have also resulted in additional costs to the Company. As a result of these efforts, the Company is proposing to add \$324,523 to the currently approved three-year budget for C&I New Construction. The additional budget will allow the Company to continue to provide incentives to customers in this program through 2015.

The Company will continue to monitor all of its programs, as well as review environmental and marketing factors that are related to program delivery and customer participation.

The Company does not propose any changes to the Department-approved performance incentive ("PI") model, and will keep the threshold, design, and exemplary levels of performance for the Savings and Value Mechanisms remain at the levels defined in the updated PI model submitted to the Department on March 3, 2014, in The Berkshire Gas Company, D.P.U. 14-05 (amended initial filing). The Company intends that actual results for the program will be reported compared to Department-approved budgets as part of the Company's plan year and overall performance reporting.

Additional Information for Informational Purposes Only

BERKSHIRE GAS 2013-2015 PROPOSED ADJUSTMENTS & PROJECTIONS BY SECTOR												
SECTOR	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (LIFETIME \$)			BUDGET		
	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal
RES	573,221	667,900	117%	8,122,408	11,158,030	137%	\$15,701,427	\$19,678,692	125%	\$6,745,760	\$8,206,295	122%
LI	140,522	151,861	108%	3,013,588	3,242,290	108%	\$4,773,610	\$7,312,093	153%	\$2,499,798	\$2,742,351	110%
C&I	731,643	851,500	116%	15,829,078	16,278,096	103%	\$15,279,424	\$18,110,358	119%	\$2,460,710	\$2,734,401	111%
TOTAL	1,445,385	1,671,261	116%	26,965,074	30,678,417	114%	\$35,754,461	\$45,101,144	126%	\$11,706,268	\$13,683,047	117%

BERKSHIRE GAS 2013-2015 PROPOSED ADJUSTMENTS & PROJECTIONS BY PROGRAM												
PROGRAM	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (LIFETIME \$)			BUDGET		
	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal
Residential Whole House	379,158	453,265	120%	4,388,188	6,890,676	157%	\$7,899,348	\$13,837,403	175%	\$3,839,847	\$5,343,546	139%
Residential Products	194,063	235,898	122%	3,734,220	4,267,354	114%	\$7,802,079	\$5,841,290	75%	\$2,679,644	\$2,676,716	100%
Residential Hard-to-Measure	0	0	0%	0	0	0%	\$0	\$0	0%	\$226,269	\$186,033	82%
TOTAL	573,221	689,163	120%	8,122,408	11,158,030	137%	\$15,701,427	\$19,678,692	125%	\$6,745,760	\$8,206,295	122%

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	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal	2013-15 Approved	2013-15 with Proposed Adjustments	% of Goal
C&I New Construction	228,433	352,604	154%	5,176,383	7,047,099	136%	\$4,819,939	\$6,809,196	141%	\$1,042,697	\$1,367,220	131%
C&I Retrofit	503,210	498,896	99%	10,652,696	9,230,998	87%	\$10,459,485	\$11,301,162	108%	\$1,301,427	\$1,283,013	99%
C&I Hard-to-Measure	0	0	0%	0	0	0%	\$0	\$0	0%	\$116,587	\$84,168	72%
TOTAL	731,643	851,500	116%	15,829,079	16,278,097	103%	\$15,279,424	\$18,110,358	119%	\$2,460,711	\$2,734,401	111%