

Mid-Term Modification Request for Until Electric
May 15, 2015

Fitchburg Gas and Electric Light Company d/b/a Until (“Unutil”) is committed to securing energy savings consistent with its portfolio level savings goals for the period 2013 through 2015, 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. Unutil has experienced continued unprecedented demand for residential energy efficiency services. In order to continue offering its current level of service, Unutil proposes to increase its budget for energy efficiency initiatives within the electric Residential Whole House program. The proposed adjustment triggers a need for Council review, as well as Department review and approval pursuant to § 3.8 of the revised Energy Efficiency Guidelines issued by the Department in D.P.U. 11-120. Unutil requests Council approval to make the modifications to its electric Energy Efficiency Plan as described below.

I. Residential Sector:

Within the Residential Whole House Program, the Home Energy Services (“HES”) initiative has experienced significantly more participation than anticipated during the development of the 2013-2015 Plan. As such, the Residential Whole House program requires additional funds to ensure continued services as presented in Table 1:

Table 1:

Program	Approved Three Year Plan Budget	2013-2015 Projected <i>(2013 Actual + 2014 Draft + 2015 Estimate)</i>	Additional Budget Requested for Approval	Percent Change from Approved Three Year Plan Budget
Whole House	\$2,307,118	\$3,212,118	\$905,000	39%

In addition, due to the high demand for HES services, the Company has experienced greater than expected demand for residential Heat Loan funds, and requires additional funding in order to respond to customer interest. The Company therefore requests an increase in its Hard to Measure program as presented in Table 2:

Table 2:

Program	Approved Three Year Plan Budget	2013-2015 Projected <i>(2013 Actual + 2014 Draft + 2015 Estimate)</i>	Additional Budget Requested for Approval	Percent Change from Approved Three Year Plan Budget
Hard to Measure	\$581,105	\$721,105	\$140,000	24%

The bill impact related to the request for an increase to the Whole House Program budget, as calculated per the Guidelines, triggers a “Category Two” MTM, requiring both Council and Department review, as well as Department approval, before the Company may implement the modification. See D.P.U. 11-120 Phase II, Order at 28-29. The Company’s “isolated” bill impact analysis (e.g., increasing the Whole House Program budget by \$905,000, while holding constant all other assumptions from Company’s 2013-2015 Compliance filing) produces bill impacts for the residential sector of 2.57 percent. Because this impact is greater than the 2% threshold for a Category 2 MTM per the Guidelines, the Company will file the MTM with the Department for its review and approval after Council consideration.

The proposed Residential Whole House budget increase will allow Until to continue operating the HES initiative and will result in additional associated savings. The Company has experienced tremendous interest in HES over the past two years and anticipates that demand for services will continue to exceed our original Plan through the remaining months of the Term. During 2014 alone, the Company provided weatherization services to more than 200 customers through its electric HES initiative and performed approximately 400 audits, compared to an original three year goal of 110 electric participants. As of April 30, 2015, spending for the Whole House program was at 99% of the originally approved Three Year Plan budget.¹

Combined annual savings from the HES program for 2013 and 2014² exceeded 400 MWh, achieving almost 300% of the initiative’s three year goal and 100% of the Whole House Program’s three year goal in just two years. Until proposes to increase the currently approved Whole House Program budget by \$905,000 and the Hard to Measure budget by \$140,000 (see Tables 1 and 2, above). These proposed increases are reasonable and will allow the Company to continue to serve customers through December 2015. These additional funds, if approved by the Department, will be used to provide HES home energy assessments, incentive payments for additional measure installations, and related administrative costs. If approved by the Council, the additional funds for the Hard to Measure Program will allow the Company to provide additional interest rate buy down funding for HES customers participating in gas and electric HES programs. Department approval is not required for the Hard to Measure budget increase as it does not by itself trigger a 2% bill impact.

Should the Department approve the additional funding for the Whole House Program, the Company estimates that actual annual kWh savings from customers participating in the Residential Whole House program in the three-year period will be approximately 253% higher than approved total Residential Whole House program savings goals, while the cost for the Residential Whole House program is just 39% above the approved three year budget.

¹ As the Council is aware, the Company has experienced similar demand in its gas HES initiative and has requested additional funds from the Council for that program as well. At present, the Company’s second request for additional HES gas funds is pending at the DPU.

Performance Incentives:

The Company does not propose any changes to the Department-approved performance incentive (“PI”) model for the current Three Year Term as a result of these proposed budget increases, 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 on March 3, 2014, in Fitchburg Gas and Electric Light Company d/b/a Until, D.P.U. 14-05 (amended initial filing). 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.

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 our 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 two modifications described above. The Council, in acting on the above modifications, is not acting on or approving the estimates provided by Unitil below.

Table 3 shows the Company's 2013-2015 Plan values for annual savings, lifetime savings, benefits, and expenses as currently approved for all Programs with the exception of Residential Whole House and Hard to Measure Programs. The totals for these Programs reflect the budget changes requested, as well as actual savings for 2013 and 2014, and the anticipated savings for 2015, should the request for additional funding be approved.

Table 3: Unitil Electric 2013-2015 Anticipated Outcomes with Proposed Budget³

Unitil Electric 2013-2015 ANTICIPATED ADJUSTMENTS												
SECTOR	ANNUAL SAVINGS (MWh)			LIFETIME SAVINGS (MWh)			BENEFITS (LIFETIME \$000s)			BUDGET (\$000s)		
	2013-15 Approved	2013-15 with Proposed Adjustment	% Of Goal	2013-15 Approved	2013-15 with Proposed Adjustment	% Of Goal	2013-15 Approved	2013-15 with Proposed Adjustment	% Of Goal	2013-15 Approved	2013-15 with Proposed Adjustment	% Of Goal
	(a)	(b)	$\frac{(b)}{(a)}$	(d)	(e)	$\frac{(e)}{(d)}$	(g)	(h)	$\frac{(h)}{(g)}$	(j)	(k)	$\frac{(k)}{(j)}$
Res	3,108	4,205	135%	27,303	44,304	162%	\$11,077	\$28,040	253%	\$4,325	\$5,368	124%
LI	701	701	-	9,942	9,942	-	\$3,914	\$3,914	-	\$2,149	\$2,149	-
C&I	19,804	19,804	-	257,048	257,048	-	\$51,985	\$51,985	-	\$9,100	\$9,100	-
Total	23,614	24,711	105%	294,293	311,294	106%	\$66,976	\$83,939	125%	\$15,574	16,617	107%

³ Some values might differ slightly from those presented in the document due to rounding.