

PENDING PETITION MEMO

Date: 8/25/2008

TO : OGC  
OEGW  
OEEE

FROM: CENTRAL OPERATIONS

UTILITY: ST. LAWRENCE GAS COMPANY, INC.

SUBJECT: 08-G-1021

Petition of St. Lawrence Gas Company, Inc. for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

**St. Lawrence Gas**

A. LAWRENCE GAS COMPANY

33 Stearns Street  
P. O. Box 270  
Massena, NY 13662

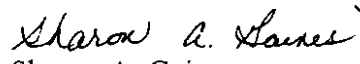
August 22, 2008

Jaclyn A. Brilling, Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 07-M-0548 Order Issued and Effective June 23, 2008 Requiring Fast-Track Gas Programs Within Sixty Days of the Issuance of the Order

Dear Secretary Brilling:

Enclosed please find five copies of the Residential Energy Efficiency Program (EEP) for St. Lawrence Gas Company, Inc. The filing is being made in compliance with the Commission Order in Case 07-M-0548, issued and effective June 23, 2008.

  
Sharon A. Gaines  
Treasurer

Phone: (315) 842-3610  
Fax: (315) 764-9226  
E-Mail: [sgaines@stlawrencegas.com](mailto:sgaines@stlawrencegas.com)

2008 AUG 25 PM 2:31

**St. Lawrence Gas**

St. Lawrence Gas Company, Inc.

33 Stearns Street  
P. O. Box 270  
Massena, NY 13662

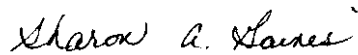
August 22, 2008

Jaclyn A. Brilling, Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 07-M-0548 Order Issued and Effective June 23, 2008 Requiring Fast-Track Gas Programs Within Sixty Days of the Issuance of the Order

Dear Secretary Brilling:

Enclosed please find five copies of the Residential Energy Efficiency Program (EEP) for St. Lawrence Gas Company, Inc. The filing is being made in compliance with the Commission Order in Case 07-M-0548, issued and effective June 23, 2008.

  
Sharon A. Gaines  
Treasurer

Phone: (315) 842-3610  
Fax: (315) 764-9226  
E-Mail: [sgaines@stlawrencegas.com](mailto:sgaines@stlawrencegas.com)

**St. Lawrence Gas Company, Inc  
Residential Energy Efficiency Program (EEP)**

**August 22, 2008**

## Table of Contents

<b>1. Case History .....</b>	<b>3</b>
<b>2. Plan Description .....</b>	<b>3</b>
<b>3. Goal .....</b>	<b>4</b>
<b>4. Appliance Incentive Rebate Program .....</b>	<b>4</b>
<b>5. Residential Low Income Energy Assistance .....</b>	<b>5</b>
<b>6. Outreach &amp; Education Program .....</b>	<b>6</b>
<b>7. Budget .....</b>	<b>6</b>
<b>8. Evaluation .....</b>	<b>6</b>
<b>9. Reporting .....</b>	<b>7</b>

## **1. CASE HISTORY**

On May 16, 2007, the Commission issued an Order Instituting Proceeding, establishing the goals to facilitate the design of an energy efficiency portfolio standard in New York State. On June 23, 2008 the Commission issued an Order Establishing Energy Efficiency Portfolio Standard and Approving Programs. In this order the Commission authorized gas utilities serving more than 14,000 customers to establish surcharges to collect revenue to cover costs associated with energy efficiency programs. These costs were summarized in Appendix 1, Table 18 of the Order. On July 3, 2008 an Errata Notice was issued in which Appendix 1, Table 18 was revised to include both Corning Natural Gas Corporation and St. Lawrence Gas Company, Inc.

St. Lawrence Gas did not participate in and was not included in the proceeding until the June 23, 2008 Order was clarified through the July 3, 2008 Errata Notice. Utilities have been ordered to file program plans within 60 days of the June 23<sup>rd</sup> order. This timeframe allows St. Lawrence Gas less than sixty days to study the case history, collaborate with other utilities, calculate potential benefit/cost factors, develop an energy efficiency program and file tariff leaves.

To comply with the Commission Order St. Lawrence Gas has collaborated with other utilities, NYSEDA and other parties and has developed a preliminary Energy Efficiency Plan as outlined below. The key to the plan is constant evaluation and adjustment as further developments, program improvements and critical issues are identified, especially during the first year of the plan.

St. Lawrence Gas strongly supports the State's energy efficiency efforts and agrees with the Commission that utilities play an important role in the promotion of energy efficiency initiatives.

## **2. PLAN DESCRIPTION**

The St. Lawrence Gas ("SLG") Residential Energy Efficiency Program ("EEP") has been developed to promote the efficient use of energy, including natural gas, and is consistent with New York State's Energy Efficiency Portfolio Standard. The EEP has three major components: (1) incentive rebates on high efficiency appliances and controls, (2) low income energy assistance, and (3) customer outreach and education.

SLG will institute a System Benefits Charge ("SBC") effective October 1, 2008, subject to Commission approval, for all Residential customer accounts. The SBC will be billed as a separate line item "System Benefits Charge" on all residential gas bills. Revenue collected through the SBC will be used specifically for EEP costs.

This program will be administered by St. Lawrence Gas. SLG will work with vendors and contractors, as required, through a competitive bidding process where applicable.

### **3. GOAL**

The goal of the SLG Residential Energy Efficiency Program is to promote the efficient use of energy, including natural gas, and to encourage the installation of high efficiency appliances by customers located within the St. Lawrence Gas service territory.

### **4. APPLIANCE INCENTIVE REBATE PROGRAM**

Incentive rebates will be made available for residential natural gas customers, both new construction and existing homes, who install qualifying natural gas equipment beginning with equipment installations made on or after October 1, 2008, subject to Commission approval. Incentive rebates will be offered to SLG customers who make the choice to purchase or rent high efficiency space heating and water heating appliances, and/or who purchase energy star rated programmable thermostats.

#### **4.1. Eligibility Requirements – Appliance Incentive Rebate Program**

Customers eligible for the EEP must meet the following criteria to participate in the Appliance Incentive Rebate Program:

- 1) The customer must be a new or an existing St. Lawrence Gas residential customer, or a Landlord who owns residential property, that has an SLG natural gas account
- 2) The customer must install a Qualifying Natural Gas Appliance or Equipment as outlined in table 4.1.1 below
- 3) The customer must provide required documentation to SLG or its authorized contractor as described in table 4.1.2 below

**Table 4.1.1**  
**Qualifying Residential Natural Gas Appliances/Equipment**

	Required Minimum Efficiency	Rebate
<b>Space Heating</b>		
Hot Air Furnace	90% AFUE	\$400
Hot Water Boiler	85% AFUE	\$400
Programmable Thermostats	Energy Star Rated	\$25
<b>Water Heating</b>		
Tankless Water Heater	82% EF	\$500
Low Flow Shower Head	Energy Star Rated	No charge

## St. Lawrence Gas Energy Efficiency Program

**Table 4.1.2**  
**Required Documentation**

	Required Minimum Efficiency	Documentation
<b>Space Heating</b>		
Hot Air Furnace	90% AFUE	Proof of purchase/rental and installation including: the make and model number of the appliance, a receipt, the AFUE rating and the contractor name, business address, phone number and Federal tax ID number
Hot Water Boiler	85% AFUE	Same as above
Programmable Thermostats	Energy Star Rated	Receipt for purchase and the make and model number of the Energy Star-rated thermostat
<b>Water Heating</b>		
Tankless Water Heater	82% EF	Proof of purchase/rental and installation including: a receipt, the make and model number of the water heater, the EF rating and the contractor name, business address, phone number and Federal tax ID number
Low Flow Shower Head	Energy Star Rated	Old showerhead to be turned in to SLG or its authorized contractor

Incentive rebates will be credited to the customer on their natural gas invoice after all required documentation has been processed by SLG. For landlords who do not have an SLG account a check will be processed in lieu of an invoice credit.

### **5. RESIDENTIAL LOW INCOME ENERGY ASSISTANCE**

St. Lawrence Gas will collaborate with NYSERDA and/or other outside contractor(s) to develop a program that will provide assistance to low income residential natural gas customers within the St. Lawrence Gas service territory. The goal of the Residential Low Income Energy Assistance Program is to assure that all SLG low income residential customers have the ability to participate in energy efficiency programs, including those customers living within the Massena Electric District.

Since the Massena area is serviced by the Massena Electric Department (MED), a municipal electric company, the residents living within the MED district have been ineligible for assistance from NYSERDA. The inclusion of Massena area residents within the EEP is a critical requirement of the program. During the first year of the EEP, SLG will work with NYSERDA to try to identify a potential solution that will include Massena area residents in NYSERDA sponsored low income programs. If a solution is found before the program implementation, or during the first year of the program, that solution will be initiated as soon as practical. If no solution is found, SLG will develop a



## St. Lawrence Gas Energy Efficiency Program

stand alone program to include Massena residents located within the MED district. The stand alone program will become effective no later than July 1, 2009.

### 6. OUTREACH & EDUCATION PROGRAM

A communication plan will be developed to introduce the EEP to St. Lawrence Gas customers and to promote energy efficiency in general. The communication plan will be launched in conjunction with the start of the Rebate Program.

Communications to customers may include:

- Bill inserts
- Direct mail
- Web site information
- Radio
- Dealer/Contractor outreach
- Internal training and promotion

### 7. BUDGET

St. Lawrence Gas has developed a budget based on estimated program costs for year 1 of the EEP as follows:

**Table 7.1**  
**EEP Budget – Year 1**

<b>Description</b>	<b>Annual Cost</b>
Program Planning and Administration	\$40,500
Appliance Rebate Program	\$52,500
Low Income Program	\$34,500
Customer Outreach	\$15,000
Evaluation	\$7,500
<b>Total EEP Budget</b>	<b>\$150,000</b>

### 8. EVALUATION

Evaluation procedures for the EEP will be developed throughout the first year of the program. Evaluation development will include the identification of benefit/cost factors, collaborative work with other utilities and interested parties through the Evaluation Advisory Group, billing system report and tracking measure development and the identification and review of independent evaluation contractors.

Evaluation during year one will also include the identification of program enhancements that may increase energy efficiency benefits and program effectiveness.

## **9. REPORTING**

St. Lawrence Gas will submit to the Commission quarterly reports on the progress of the EEP program implementation. These reports will include information on actual expenses, customer participation, and savings realized. These reports will also include information about ongoing program evaluation efforts. Each quarterly report will be submitted to the Commission approximately 45 days following the end of the calendar quarter.

In addition to quarterly reporting, SLG will submit an annual report to the Commission that will include an annual reconciliation of project costs and benefits. The annual report will detail calculations made to adjust the SBC for the upcoming year to include recovery of over/under collections from the previous year, projected costs for the upcoming fiscal year and lost revenue from the previous year. The company proposes to defer lost revenue and any under or over recovery of program costs associated with the EEP for recovery through the annual reconciliation of the SBC.

Each annual report will be submitted to the Commission approximately 180 days following the end of the calendar year.