The Berkshire Gas Company D.T.E. 04-38
Energy Efficiency Program - Annual Status Report
May 1, 2007 through April 30, 2008

Residential

line	PROGRAM/INITIATIVE	Program Planning & Administration Expenditures	Program Marketing Expenditures	Customer Incentives Expenditures	Program Implementation Expenditures	Evaluation & Market Research Expenditures	Total Expenditures	No. of Rebates or Participants	Total Annual Savings (Therms)
	Residential								
1	ENERGY STAR Thermostat Rebate	683	2,940	15,149	3,324	454	22,550	554	41,550
2	ENERGY STAR Homes	3,623	0	0	10,186	0	13,809	41	7,040
3	ENERGY STAR Windows	683	2,940	10,065	5,280	454	19,422	880	769
4	High Efficiency Heating Rebate	683	2,940	212,300	9,223	454	225,600	401	61,557
5	High Efficiency Water Heating Rebate	683	2,940	56,400	4,301	454	64,778	187	13,170
6	Weatherization	30,087	5,316	55,487	73,374	454	164,716	131	27,128
7									
8	**Total Residential**	36,442	17,077	349,401	105,688	2,268	510,875	2,194	151,213

line	PROGRAM/INITIATIVE	Program Planning & Administration Expenditures	Program Marketing Expenditures	Customer Incentives Expenditures	Program Implementation Expenditures	Evaluation & Market Research Expenditures	Total Expenditures	Participation	Total Annual Savings (Therms)
	Low-Income								
9	Residential	20,403	3,000	83,947	19,914		127,264	70	12,915
10	LEAN Coordination Fee				2,765		2,765		
11	**Total Low-Income**	20,403	3,000	83,947	22,679	0	130,029	70	12,915

Commercial & Industrial

line	PROGRAM/INITIATIVE	Program Planning & Administration Expenditures	Program Marketing Expenditures	Customer Incentives Expenditures	Program Implementation Expenditures	Evaluation & Market Research Expenditures	Total Expenditures	Participation	Total Annual Savings (Therms)
	Commercial & Industrial								
12	Traditional or Custom	27,243	5,316	155,553	8,302	490	196,903	28	86,725
13	Infrared Rebate	6,121	2,126	10,000	865	490	19,602	30	22,440
14	ENERGY STAR Thermostat	6,121	2,126	431	271	490	9,439	16	1,200
15	High Efficiency Heating Rebate	6,121	2,126	19,100	773	490	28,610	26	4,420
16	High Efficiency Water Heating Rebate	6,121	2,126	900	244	490	9,881	3	222
17	Efficient Food Service Equipment	6,121	2,126	1,123	175	490	10,035	20	10,000
18									
19	**Total C&I**	57,847	15,947	187,107	10,631	2,939	274,471	123	125,007
20	**COMPANY TOTALS**	114,692	36,023	620,455	138,998	5,207	915,375	2,387	289,135

The Berkshire Gas Company, D.T.E. 04-38
Energy Efficiency Program Changes
Residential Programs

Program Name	Program Year (2007)	Modifications Planned for Program Year (2008)
Combined High Efficiency Space and Water Heating Rebate	A $1,000 mail-in rebate for high efficiency, hot water boilers with a minimum 90% AFUE and one of the following: a $300 mail-in rebate for high efficiency, indirect-fired water storage tank connected to a high efficiency boiler, 30-75 gals or A $300 mail-in rebate for high efficiency, on-demand water heater with a minimum 0.82 Energy Factor and no standing pilot.	The Company and GasNetworks plan to add a new rebate for combined high efficiency space conditioning and water heating units. The purpose is to recognize the increased availability of products from manufacturers that offer one piece of equipment that can perform more than one function within the same cabinet or enclosure. Qualifying Equipment: A high efficiency, forced hot water boiler with a minimum 90% AFUE and the ability to generate potable hot water on demand with a built-in domestic hot water heat exchanger and without the use of external components. The maximum storage of hot water will be less than 2 gallons within the unit. Most of these units will incorporate what is known in the industry as "domestic hot water priority" whereby they will work to satisfy the space conditioning load only and until there is a demand for domestic hot water. When there is a call for domestic hot water, the unit will switch into a mode of operation where it puts all consumed energy into generating potable hot water until the demand for hot water ceases. At that time, the unit will return to space conditioning mode. These types of units have all the energy benefits of two individual pieces of equipment contained in one mechanical unit. (low/no standby losses, no cycling losses for domestic hot water, continuous hot water supply when needed, etc.)

Program Name	Program Year (2007)	Modifications Planned for Program Year (2008)
		Qualifying models will be identified as follows: • Must have AFUE rating found in GAMA directory or appear on the ENERGY STAR web site as a qualifying boiler with a minimum AFUE of 90%. • Additionally, the model number or model designator must clearly identify a water heating option or feature as part of the standard unit and without additional EXTERNAL components. Units without an AFUE rating and/or not listed on one of the two resources will not qualify for the combined unit rebate. The proposed rebate level will be $1,300 The amount of energy savings for the combined unit is assumed to be 220 therms per year per unit installed and is based upon the combined savings or a high efficiency boiler (141 therms) plus the savings generated by an on-demand water heater (79 therms).

Program Name	Program Year (2007)	Modifications Planned for Program Year (2008)
High Efficiency Water Heating Rebate	No current rebate for natural gas fired storage water heaters.	In April of 2008, the U.S. Department of Energy (DOE) announced new ENERGY STAR® criteria for water heaters, the first in the history of the program. The first phase goes into effect January 1, 2009, and requires gas storage water heaters to have a minimum Energy Factor (EF) of 0.62 - or they must be 6.9 percent more efficient than the Federal Standard. In an effort to support the launching of the new ENERGY STAR storage water heater specification, the Company and GasNetworks plan to add a new rebate for storage water heaters with the minimum EF of .62. It is expected that these water heaters will carry the ENERGY STAR logo beginning in January, 2009. It is also expected that there will be a national campaign promoting the labeling of ENERGY STAR qualified water heaters. The proposed rebate level has not been determined as of this writing but the Company believes it is appropriate to include this initiative in its update plan.

Residential Weatherization	50% financial incentive to homeowners on the Company's residential heating rate towards cost- effective weatherization measures 50% financial incentive to tenants on the Company's residential heating rate towards cost effective weatherization measures Maximum incentive = $1,500 Currently customers are eligible to receive either a 0% HEAT loan up to $10,000 <u>or</u> incentives and rebates for eligible program measures.	Increase to 75% financial incentive to homeowners on the Company's residential heating rate towards cost effective weatherization measures Increase to 100% financial incentive to tenants on the Company's residential heating rate towards cost-effective weatherization measures provided at least one unit is on the Company's R-4 (low income) heating rate. Maximum Incentive = $2,000 Modify current Heat Loan offer to enable customers to receive BOTH the 0% loan up to $10,000 and incentives and rebates for eligible program measures. This is consistent with the previously legislated Heat Loan offer in 2006 and the recently enacted Green Communities Act Heat Loan provision. Heat Loan costs would be tracked and reported separately for further consistency.

The Berkshire Gas Company, D.T.E. 04-38
Energy Efficiency Program Changes

Low-Income Programs

Program Name	Program Year (2007)	Modifications Planned for Program Year (2008)
Residential Low-Income Program	The low-income program is administered and offered to the Company's customers as contemplated in the Settlement agreement between Berkshire and the Low Income Energy Affordability Network (LEAN) relating to low-income program delivery modifications and enhancements (consistent with the D.T.E. 04-38 Settlement).	The Low-Income budget will be increased by approximately 25% based on anticipated increased demand for services and the following enhancements: In addition to a 15% increase in weatherization services in anticipation of higher demand for services, the Company will increase its heating system replacement budget allowance from $16,000 to $30,000. This will allow a greater number of 30-50 year old, inefficient heating systems to be replaced with new, high efficiency heating systems in the 85% to 92% range. Increase to 100% financial incentive to tenants on the Company's residential heating rate towards cost-effective weatherization measures, provided at least one unit is on the Company's R-4 (low income) heating rate.
	Eligibility: customers on the Company's low-income heating rate (R-4), and those verified by the CAP agencies with incomes at or below 60% of Commonwealth's median income level.	Increased Eligibility: The Company plans to work with the CAP agencies to expand the no cost energy efficiency services currently provided to customers that have incomes below 60% of median income to customers with incomes that range between 60% and 80% of the medium income. In order to support and help meet potential demand, these customers may also be served under the Residential Conservation Services program i.e. MassSAVE.

The Berkshire Gas Company, D.T.E. 04-38
Energy Efficiency Program Changes

Commercial & Industrial Programs

Program Name	Program Year (2007)	Modifications Planned for Program Year (2008)
C&I Traditional Programs	Offers up to a 50% incentive to replace old natural gas heating systems with new, energy efficient equipment.	The Company plans to modify its current incentive structure to a rebate-type similar to those currently being offered by other GasNetworks member companies. Restructuring the incentive level from 50% to a rebate will allow the Company to assist more C&I customers replace old, inefficient heating equipment with new, state-of-the art equipment. This structure will also streamline program administration, allow for higher participation and reduce customer confusion. The proposed rebate schedule for C&I boilers is as follows: Size (Mbtuh) — Rebate Amount 301,000 – 325,000 — $1,000 per unit installed 326,000 – 375,000 — $1,800 per unit installed 376,000 – 450,000 — $2,250 per unit installed 451,000 – 550,000 — $2,700 per unit installed 551,000 – 650,000 — $3,150 per unit installed 651,000 – 725,000 — $3,600 per unit installed 726,000 – 900,000 — $4,050 per unit installed 901,000 – 1,100,000 — $4,500 per unit installed 1,101,000 – 1,300,000 — $5,250 per unit installed 1,301,000 – 1,700,000 — $6,000 per unit installed 1,701,000 or greater — $6,750 per unit installed

Combined High Efficiency Space and Water Heating Rebate	A $1,000 mail-in rebate for high efficiency, hot water boilers with a minimum 90% AFUE and **one** of the following: a $300 mail-in rebate for high efficiency, indirect-fired water storage tank connected to a high efficiency boiler, 30-75 gals; or a $300 mail-in rebate for high efficiency, on-demand water heater with a minimum 0.82 Energy Factor and no standing pilot.	The Company and GasNetworks plan to add a new rebate for combined high efficiency space conditioning and water heating units. The purpose is to recognize the increased availability of products from manufacturers that offer one piece of equipment that can perform more than one function within the same cabinet or enclosure. **Qualifying Equipment**: A high efficiency, forced hot water boiler with a minimum 90% AFUE and the ability to generate potable hot water on demand with a built-in domestic hot water heat exchanger and without the use of external components. The maximum storage of hot water will be less than 3 gallons within the unit. Most of these units will incorporate what is known in the industry as "domestic hot water priority" whereby they will work to satisfy the space conditioning load only and until there is a demand for domestic hot water. When there is a call for domestic hot water, the unit will switch into a mode of operation where it puts all consumed energy into generating potable hot water until the demand for hot water ceases. At that time, the unit will return to space conditioning mode. These types of units have all the energy benefits of two individual pieces of equipment contained in one mechanical unit (low/no standby losses, no cycling losses for domestic hot water, continuous hot water supply when needed, etc.). Qualifying models will be identified as follows: • Must have AFUE rating found in GAMA directory or appear on the ENERGY STAR web site as a qualifying boiler with a minimum AFUE of 90%. • The model number or model designator must clearly identify a water heating option or feature as part of the standard unit and without additional EXTERNAL components.

Combined High Efficiency Space and Water Heating Rebate (continued)		Units without an AFUE rating and/or not listed on one of the two resources will not qualify for the combined unit rebate. The proposed rebate level will be $1,300. The amount of energy savings for the combined unit is assumed to be 220 therms per year per unit installed and is based upon the combined savings or a high efficiency boiler (141 therms) plus the savings generated by an on-demand water heater (79 therms).

Program Name	Program Year May 1, 2007 - April 30, 2008	Modifications Planned for Program Year May 1, 2008 - April 30, 2009
High Efficiency Storage Water Heating Rebate	Not currently offered in the Company's energy efficiency programs.	In April 2008, the U.S. Department of Energy announced new ENERGY STAR® criteria for water heaters, the first in the history of the program. The first phase of the ENERGY STAR criteria goes into effect January 1, 2009 and requires qualifying gas storage water heaters to have a minimum Energy Factor (EF) of 0.62 or they must be 6.9 percent more efficient than the Federal Standard. In an effort to acknowledge the benefits of a higher efficiency storage type water heater, and in support of the new ENERGY STAR storage water heater specification, the Company and GasNetworks plan to add a new rebate program for storage water heaters with the minimum EF of 0.62. It is expected that these water heaters will carry the ENERGY STAR logo beginning in January 2009. It is also expected that there will be a national campaign promoting the labeling of ENERGY STAR qualified water heaters. The proposed rebate level has not been determined at this time. Prior to January 1, 2009, the Company and GasNetworks plan to analyze the benefits relative to the cost of these new ENERGY STAR storage water heaters and determine how they can best influence the decision of future storage water heater purchases with an appropriate rebate level.

The Berkshire Gas Company, D.T.E. 04-38
Revised 2009 Energy Efficiency Forecasted Program Budget
May 1, 2008 through April 30, 2009

Residential Detail

line	PROGRAM/INITIATIVE	Program Planning & Administration	Program Marketing	Customer Incentives	Program Implementation	Evaluation & Market Research	Total
	Residential Program Budgets:						
1	ENERGY STAR Thermostat Rebate	2,429	615	10,400	3,120	229	16,793
2	ENERGY STAR Homes	5,796	1,977	31,433	0	692	39,897
3	ENERGY STAR Windows	2,920	786	12,500	750	275	17,231
4	High Efficiency Heating Rebate	31,907	6,483	136,590	10,833	3,005	188,818
5	High Efficiency Water Heating Rebate	12,013	3,041	51,425	4,731	1,131	72,342
6	Weatherization	27,200	5,758	91,553	50,057	0	174,568
7	DOER Assessment	1,200					1,200
8	**Total Residential Budget**	83,466	18,660	333,901	69,491	5,332	510,849

Low-Income Detail

line	PROGRAM/INITIATIVE	Program Planning & Administration	Program Marketing	Customer Incentives	Program Implementation	Evaluation & Market Research	Total
	Low-Income Program Budgets:						
9	Residential	27,200	0	122,897	33,391	0	183,488
10	LEAN Coordination Fee	3,089					3,089
11	**Total Low-Income Budget**	30,289	0	122,897	33,391	0	186,578

Commercial & Industrial Detail

line	PROGRAM/INITIATIVE	Program Planning & Administration	Program Marketing	Customer Incentives	Program Implementation	Evaluation & Market Research	Total
	Commercial & Industrial Program Budgets:						
10	Traditional or Custom	54,400	0	103,805	12,571	0	170,775
11	Infrared Rebate	19,701	964	12,500	575	361	34,101
12	ENERGY STAR Thermostat	788	39	500	150	14	1,491
13	High Efficiency Heating Rebate	17,101	836	10,850	817	314	29,917
14	High Efficiency Water Heating Rebate	3,940	193	2,500	230	72	6,935
15	Efficient Food Service Equipment	6,304	308	4,000	230	116	10,958
16	**Total C&I Budget**	102,234	2,340	134,155	14,572	877	254,178
17	**COMPANY TOTALS**	215,989	21,000	590,952	117,455	6,210	951,605

BERKSHIRE GAS COMPANY - D.T.E. 04-38
Energy Efficiency Program Portfolio

Benefit/Cost Ratios by Program
Lifetime Impacts of Measures Installed from 2008 through 2009

Program Initiative	Measure Life	Benefits (2008$)	Costs (2008$)	B/C Ratio
Company-Specific Programs				
- Residential Program	19	$ 524,753	$ 229,442	2.29
- Low-Income Program	21	$ 293,497	$ 141,017	2.08
- Small Commercial	21	$ 373,583	$ 109,076	3.42
- Large Commercial	21	$ 506,545	$ 61,700	8.21
Total Company Specific Programs		**$ 1,698,378**	**$ 541,234**	**3.14**
Regional GasNetworks Programs				
- ENERGY STAR Thermostat Rebate (residential)	10	$ 409,887	$ 32,136	12.75
- ENERGY STAR Thermostat Rebate (commercial)	10	$ 18,392	$ 2,241	8.21
- ENERGY STAR Homes	25	$ 1,110,797	$ 484,865	2.29
- ENERGY STAR Windows	35	$ 174,809	$ 24,775	7.06
- Residential High Efficiency Heating	20	$ 1,183,424	$ 218,365	5.42
- Commercial High Efficiency Heating	20	$ 102,545	$ 36,167	2.84
- Residential High Efficiency Water Heating Rebate	20	$ 135,553	$ 42,545	3.19
- C&I High Efficiency Water Heating Rebate	20	$ 13,088	$ 7,435	1.76
- Infrared Rebate	20	$ 318,643	$ 46,601	6.84
- Efficient Food Service Equipment	15	$ 60,976	$ 14,958	4.08
Total Regional Programs		**$ 3,528,112**	**$ 910,089**	**3.88**
TOTAL ALL PROGRAMS		**$ 5,226,490**	**$ 1,451,324**	**3.60**

Benefit/cost ratios have been calculated in accordance with the guideline established in D.T.E. Docket 98-100 using the Total Resource Cost Test.

The Berkshire Gas Company, D.T.E. 04-38
Energy Efficiency Program

Summary of 2007-2008 Performance Incentives

	Program/Initiative	Program Budget	Measure Unit	Goal	Incentive Dollars
	Residential Programs:				
1	ENERGY STAR Thermostat Rebate	$16,390	rebates	460	$1,108
2	ENERGY STAR Homes	$31,709	certifications	105	$0
3	ENERGY STAR Windows	$15,565	rebates	1,000	$769
4	High Efficiency Heating Rebate	$131,184	rebates	330	$8,944
5	High Efficiency Water Heating Rebate	$23,423	rebates	60	$1,643
6	Weatherization Programs *	$144,616	therms	40,000	$8,114
	Commercial & Industrial Programs:				
7	Traditional or Custom	$150,775	therms	30,000	$10,575
8	Infrared Rebate	$40,131	rebates	40	$1,689
9	ENERGY STAR Thermostat Rebate	$4,267	rebates	85	$0
10	High Efficiency Heating Rebate	$40,956	rebates	88	$0
11	High Efficiency Water Heating Rebate	$10,263	rebates	20	$0
12	Efficient Food Service Equipment	$16,144	rebates	20	$906
13	**Total**				

If the Company achieves less than 75% of goal (the Threshold Performance Level), it will receive no incentive for that program.
If the Company achieves 100% of goal (the Design Performance Level), it will receive 100% of the incentive for that program.
If the Company achieves 125% of goal (the Exemplary Performance Level), it will receive 125% of the incentive for that program.
Between 75% and 125% of goal, the incentive will be based on a linear interpolation between the Threshold and Exemplary Performance Levels.
For Non-numeric goals there are no thresholds, company must meet design goal.

After Tax Shareholder Incentive = Average Yield of three-month Treasury Bill/(.60775) x Energy Efficiency Budget [1]

(1) Average Yield of the three-month U.S. T-Bill assumed to be 3.41%
and .60775 = 1 minus the effective corporate tax rate.

* Includes low income weatherization programs

The Berkshire Gas Company, D.T.E. 04-38
Energy Efficiency Program

Summary of 2008-2009 Performance Incentives

	Program/Initiative	Program Budget	Measure Unit	Goal	Incentive Dollars
	Residential Programs:				
1	ENERGY STAR Thermostat Rebate	$16,793	rebates	520	$942
2	ENERGY STAR Homes	$39,897	certifications	140	$2,239
3	ENERGY STAR Windows	$17,231	rebates	1,250	$967
4	High Efficiency Heating Rebate	$188,818	rebates	496	$10,594
5	High Efficiency Water Heating Rebate	$72,342	rebates	206	$4,059
6	Weatherization Programs *	$361,146	therms	48,000	$20,263
	Commercial & Industrial Programs:				
7	Traditional or Custom	$170,775	therms	30,000	$9,582
8	Infrared Rebate	$34,101	rebates	30	$1,913
9	ENERGY STAR Thermostat Rebate	$1,491	rebates	25	$84
10	High Efficiency Heating Rebate	$29,917	rebates	62	$1,679
11	High Efficiency Water Heating Rebate	$6,935	rebates	15	$389
12	Efficient Food Service Equipment	$10,958	rebates	15	$615
13	**Total**	$950,405			**$53,326**

If the Company achieves less than 75% of goal (the Threshold Performance Level), it will receive no incentive for that program.
If the Company achieves 100% of goal (the Design Performance Level), it will receive 100% of the incentive for that program.
If the Company achieves 125% of goal (the Exemplary Performance Level), it will receive 125% of the incentive for that program.
Between 75% and 125% of goal, the incentive will be based on a linear interpolation between the Threshold and Exemplary Performance Levels.
For Non-numeric goals there are no thresholds, company must meet design goal.

After Tax Shareholder Incentive = Average Yield of three-month Treasury Bill/(.60775) x Energy Efficiency Budget [(1)]

(1) Average Yield of the three-month U.S. T-Bill assumed to be 3.41%
and .60775 = 1 minus the effective corporate tax rate.

* Includes low income weatherization programs