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Fitchburg Gas and Electric Light Company

5 Year Energy Efficiency Plan

2002 Update

Filed with the Massachusetts
Department of Telecommunications and Energy
and Division of Energy Resources
July 1, 2002

Fitchburg Gas and Electric Light Company

Electric Energy Efficiency Plan
2002 Program and Budget Update

I. Introduction/Procedural Background

On February 9, 2001, Fitchburg Gas and Electric Light Company ("FG&E" or "Company") filed its 5-Year Electric Energy Efficiency Plan ("EE Plan") for the period March 1998 through December 2002 (Docket D.T.E. 98-48/49) with the Massachusetts Department of Telecommunications and Energy ("Department") and the Division of Energy Resources ("DOER"). On June 28, 2001, the Company submitted a Settlement Agreement with the Department in support of the EE Plan between FG&E , the Low-Income Energy Affordability Network and the Northeast Energy Efficiency Council (the "Settling parties"). On July 9, 2001, the DOER filed its opinion of the Company's filing and Settlement Agreement with the Department, approving FG&E's plan for consistency with statewide energy efficiency goals, supporting the Company's Settlement Agreement and recommending the approval by the Department. On August 17, 2001, the Department approved the Company's EE Plan as modified by the Settlement Agreement.

Included in the Settlement Agreement, the Settling Parties agreed that FG&E will "file an updated budget for 2002 consistent with the terms of this Agreement, based on actual in-field experience by no later than November 1, 2001." On November 1, 2001, pursuant to the Settlement Agreement, FG&E filed its updated Energy Efficiency Program Budget for 2002 ("Nov. 1 EE Update"). At that time, FG&E included actual energy efficiency ("EE") results (e.g., EE revenues and expenses) through September 2001 and estimates for October through December 2001. A copy of this budget update filing was shared with all Settling Parties. After the beginning of the new year, DOER staff requested the Company to update its 2002 budgets to include changes since the Nov. 1 EE Update, including reconciliation of final 2001 program results on year-end EE fund balances. On April 25, 2002, FG&E filed an original and 8 copies of this updated 2002 Energy Efficiency Program Budget (including a reconciliation/summary of changes from the Nov. 1 EE Update) with the Department and DOER, in the format required by the September 3, 1999 *Guidelines Supporting the Massachusetts Division of Energy Resources'*

Energy Efficiency Oversight and Coordination ("DOER Guidelines"). Copies of the updated 2002 EE Program Budget filing were shared with the Settling Parties in this docket.

Correspondence in early May from DOER staff indicated that information on the Company's 2002 programs and budgets must be submitted in a format more consistent with NStar's recent 2002 Energy Efficiency Plan Update[1]. Hence, this FG&E Electric Energy Efficiency 2002 Program and Budget Update is presented.

In addition to this Introductory/Procedural Background Section, Section II of this filing provides a summary of key plan components (including the program budgets and performance incentive metrics for 2002, filed earlier with the Department and DOER on April 25th and April 17th, 2002, respectively). Section III identifies any program design/implementation changes for the year 2002 in the residential, low-income, and commercial/industrial sectors. Finally, Section IV provides a summary of FG&E's recent evaluation activities and M&E plans and budgets for 2002.

[1] See NStar Electric Three Year Energy Efficiency Plan – 2002 Update, April 10, 2002 .

II. Summary of Key Plan Components

A. Program Budgets

As detailed in the Company's Nov. 1 EE Update, FG&E proposes continued implementation of the following programs in during 2002:

1. Residential Non Low-Income

- ENERGY STAR® Homes (including Building Codes support)
- ENERGY STAR® Lighting
- ENERGY STAR® Appliances
- Residential Conservation Services
- Residential Efficiency Program
- Residential ENERGY STAR® Trade-In (Torchieres and Air Conditioners)
- Energy Efficiency Web Site Development

2. Residential Low-Income

- New Construction / Multi Family
- In-Home Services / Products & Services / Information & Education

3. Commercial and Industrial

- Small Commercial and Industrial Program
- Comprehensive Efficiency (new construction and retrofit)
- Regional Initiatives Including: Motor-Up, Unitary HVAC Efficiency, Design Lights, Operations & Maintenance Training & Certification, and Compressed Air

Consistent with the Company's April 25, 2002 filing, the following tables present FG&E's 2002 Electric Energy Efficiency Program Budget details in the format required by the DOER Guidelines. Copies of FG&E's Nov. 1 EE Update and April 25, 2002 reconciliation filing are included as Attachments 1 and 2, respectively. These attachments discuss 2001 program activities and provide the basis for the Company's 2002 budgets.

Table 1 shows the derivation for FG&E's proposed energy efficiency program budget for 2002 (information for 2000 and 2001 are also presented in this table). Based on the legislated 0.25 mils/kWh charge for 2002 and estimated residential, commercial and industrial sales forecasts, the total Company budget for electric energy efficiency programs is $1.6 Million, including any carryovers and adjustments from previous year collections and program

expenditures. Any funds (or deficits) which exist for a given market sector at the end of the year 2002 will be carried forward to that same market sector for the 2003 budget.

Table 2 presents the detailed 2002 program budgets for each customer class, separated into the following categories: (1) program planning and administration; (2) program marketing; (3) customer / contractor rebates; (4) program implementation; (5) evaluation and market research; (6) performance incentives; and (7) other. Consistent with Article VIII (page 7) of the Company's June 28, 2001 Settlement Agreement, and its November 1, 2001 budget filing for program year 2002, this budget includes $12,000 for non-utility party collaborative finding support.

Table 3 provides a summary of outsourced services for 2002, showing dollars and percentage values within each budget category that are being provided by in-house staff or are being outsourced. Breakdowns are presented by customer class and on a total program/company-wide basis. Approximately 61% of all 2002 program activities will be outsourced and 97% of those outsourced activities will be competitively procured.

Table 4 shows the residential and commercial/industrial sectors' contributions toward FG&E's 2002 low-income program budgets. Consistent with forecast sector MWh sales for 2002, residential (including low-income) customers will contribute 30.6% and commercial/industrial customers will contribute 69.4% of funding for the Company's 2002 low-income program budget.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 1: PROPOSED ENERGY EFFICIENCY PROGRAM BUDGET - 2002

Ln.	Budget / Expenditures Summary	2000	2001	2002
1.	**Estimated / Actual Collections**	**0 Est & 12 Act**	**0 Est & 12 Act**	**12 Est & 0 Act**
2.	Forecast/Actual MWh Sales			
3.	- Residential (inc. low-income)	152,321	157,076	163,637
4.	- Commercial & Industrial	317,937	298,890	370,608
5.	**Total MWh Forecast / Actual - Ln 3 plus Ln 4**	**470,257**	**455,966**	**534,245**
6.	Legislative Mandated Rate ($/kWh)	$ 0.00285	$ 0.00270	$ 0.00250
7.	Subtotal - Estimated / Actual Collections ($'s)	$ 1,340,234	$ 1,231,108	$ 1,335,611
8.	Adjustment for Year-End Billing Proration	$ 3,565	$ 2,513	$ -
9.	**Total - Estimated / Actual Collections ($'s)**	**$ 1,343,799**	**$ 1,233,621**	**$ 1,335,611**
8.	**Adjustment to Total Collections**			
9.	Forecast Collections Prior Year (Note 1)	$ 1,177,025	$ 1,365,856	$ 1,233,621
10.	Actual Collections Prior Year	$ 1,557,145	$ 1,343,799	$ 1,233,621
11.	Carryover from Prior Year	$ 380,120	$ 521,173	$ 269,435
12.	Interest on Carryover from Prior Year (Note 2)	$ 33,564	$ 129,927	$ 44,706
13.	Other Adjustments (Note 2)	$ 250,596	$ -	$ -
14.	**Total Adjustments**	**$ 664,280**	**$ 651,099**	**$ 314,140**
15.	**Total EEP Budget / Expenditures**	**$ 2,008,079**	**$ 1,884,720**	**$ 1,649,751**

Notes:

1. *Forecast Collections Prior Year* for 2001 is from FG&E's 5 Year Energy Efficiency Plan, Appendix A, Table 1.
2. Reversal of Lost Base Revenue collected from March 1998 through November 2000, plus interest, pursuant to the Department's 11/09/00 Order in DTE 98-48/49, Phase I. LBR of $250,596 plus interest of $84,474. The LBR reversal is shown in line 13 and the interest reversal is included in line 12 .

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 2: DETAILED PROGRAM BUDGET - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration [1]	Program Marketing [2]	Customer/ Contractor Rebates [3]	Program Implementation [4]	Evaluation & Market Research [5]	Performance Incentive [6]	Other [7]	Total [8]
	Residential (Non Low-Income)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	
1.	**Funding Components**								
2.	- Estimated Collections - Current Year								$ 336,520
3.	- Sector Carryover (Prior Year) - Under/(Over) Spent								366,441
4.	- Interest on Carryover - Prior Year								35,333
5.	- Actual vs. Forecast Sales in Prior Year								-
6.	**Total Sector Funding - Current Year**								**$ 738,294**
7.	**Program Budgets:**								
8.	- New Construction/Lost Opportunities								
	a] Energy Star™ Homes	$ 18,186	$ 2,720	$ 87,047	$ 23,119	$ 6,459	$ 9,496	$ -	$ 147,027
9.	- In-Home Services								
	a] Residential Efficiency Program	24,316	13,658	71,217	6,518	8,057	8,545	-	132,311
	b] Residential Conservation Services (ECS/RCS)	16,560	6,694	22,297	31,755	2,404	5,504	-	85,214
10.	- Products & Services								
	a] Northeast Regional Lighting Initiative	13,934	19,729	32,516	16,089	6,484	6,128	-	94,880
	b] Energy Star™ Appliances	16,298	17,341	-	23,905	6,500	4,422	-	68,466
	c] Torchiere / Room AC Trade-In	13,000	13,300	48,600	22,000	3,100	6,904	-	106,904
11.	- Information & Education								
	a] Website Development	-	-	-	24,000	-	-	-	24,000
	b] n/a	-	-	-	-	-	-		-
12.	- Other: Efficient Program Delivery Incentive - Residential						4,556		4,556
13.	- Performance Incentives - Prior Year(s) (Note 6)							75,094	75,094
14.	Sector Fund Ending Balance							(12,158)	(12,158)
15.	**Total Sector Budget**	**$ 102,294**	**$ 73,442**	**$ 261,677**	**$ 147,386**	**$ 33,004**	**$ 45,555**	**$ 62,936**	**$ 726,294**
	Low-Income								
16.	**Funding Components**								
17.	- Estimated Collections - Current Year								$ 133,561
18.	- Sector Carryover (Prior Year) - Under/(Over) Spent								844
19.	- Interest on Carryover - Prior Year								2,183
20.	- Actual vs. Forecast Sales in Prior Year								-
21.	**Total Sector Funding - Current Year**								**$ 136,588**
22.	**Program Budget:**								
23.	- New Construction								
	a] Electric Low-Income Program	$ 500	$ 350	$ 9,100	$ 750	$ 600	$ 959	$ -	$ 12,259
24.	- In-Home Services								
	a] Electric Low-Income Program	15,374	3,414	57,747	5,407	7,856	6,424	-	96,222
25.	- Products & Services (Note 3)	-	-	-	-	-	-	-	-
26.	- Information & Education (Note 3)	-	-	-	-	-	-	-	-
27.	- Other	-	-	-	-	-	-	-	-
28.	- Performance Incentives - Prior Year(s) (Note 6)							27,816	27,816
29.	Sector Fund Ending Balance							291	291
30.	**Total Sector Budget**	**$ 15,874**	**$ 3,764**	**$ 66,847**	**$ 6,157**	**$ 8,456**	**$ 7,383**	**$ 28,107**	**$ 136,588**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 2: DETAILED PROGRAM BUDGET - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration [1]	Program Marketing [2]	Customer/ Contractor Rebates [3]	Program Implementation [4]	Evaluation & Market Research [5]	Performance Incentive [6]	Other [7]	Total [8]
	Commercial and Industrial								
31.	**Funding Components**								
32.	- Estimated Collections - Current Year								$ 865,530
33.	- Sector Carryover (Prior Year) - Under/(Over) Spent								(97,851)
34.	- Interest on Carryover - Prior Year								7,190
35.	- Actual vs. Forecast Sales in Prior Year								-
36.	**Total Sector Funding - Current Year**								**$ 774,869**
37.	**Program Budgets:**								
38.	- Lost Opportunities (Note 4)								
	a] Comprehensive Efficiency	$ 48,500	$ 3,000	$ 83,500	$ 35,000	$ 7,500	$ 10,200	$ -	$ 187,700
39.	- Retrofit								
	a] Comprehensive Efficiency	23,145	7,203	180,403	63,608	18,524	21,050	-	313,933
40.	- Small Commercial and Industrial Program	13,613	3,708	43,675	9,251	14,837	5,653	-	90,737
41.	- Products & Services (Note 5)	-	-	-	-	-	-	-	-
42.	- Information & Education	-	-	-	-	-	-	-	-
43.	- Other: Efficient Program Delivery Incentive - Business	-	-	-	-	-	4,100	-	4,100
44.	- Performance Incentives - Prior Year(s) (Note 6)							173,590	173,590
45.	Sector Fund Ending Balance							4,809	4,809
46.	**Total Sector Budget**	**$ 85,258**	**$ 13,911**	**$ 307,578**	**$ 107,859**	**$ 40,861**	**$ 41,003**	**$ 178,399**	**$ 774,869**
	Other								
47.	- NUP Collaborative Funding	12,000	-	-	-	-	-	-	12,000
48.	- R&D	-	-	-	-	-	-	-	-
49.	- Other	-	-	-	-	-	-	-	-
50.	**Total Other Budget**	**12,000**	**-**	**-**	**-**	**-**	**-**	**-**	**12,000**
	Total Company								
51.	**Funding Components**								
52.	- Estimated Collections - Current Year								$ 1,335,611
53.	- Total Carryover - Prior Year								269,434
54.	- Interest on Carryover - Prior Year								44,706
55.	- Actual vs. Forecast Sales in Prior Year								-
56.	**Total Company Funding - Current Year**								**$ 1,649,751**
57.	**Program Budgets:**								
58.	- Total Residential (Non Low-Income)	$ 102,294	$ 73,442	$ 261,677	$ 147,386	$ 33,004	$ 45,555	$ 62,936	$ 726,294
59.	- Total Low-Income	15,874	3,764	66,847	6,157	8,456	7,383	28,107	136,588
60.	- Total C&I	85,258	13,911	307,578	107,859	40,861	41,003	178,399	774,869
61.	- Total Other	12,000	-	-	-	-	-	-	12,000
62.	**Total Company Budget**	**$ 215,426**	**$ 91,117**	**$ 636,102**	**$ 261,402**	**$ 82,321**	**$ 93,941**	**$ 269,442**	**$ 1,649,751**

Notes:

1. Column [1] - Program design and internal administration and regulatory costs.
   Column [2] - Internal and third party marketing costs
   Column [3] - Customer/contractor rebates and facilities audits
   Column [4] - Third party management costs.
   Column [5] - Internal and third party evaluation costs
   Column [6] - Performance incentives
   Column [7] - Interest and Other
   Column [8] - Total
2. N/A
3. The Low-Income Program contains elements of Products & Services and Information & Education.
4. The estimated portion of the CEP program funds allocated for major renovation, failed equipment replacement and new construction.
5. Estimated costs associated with administrative activities and NEEP funding for all regional initiatives, including Premium Efficiency Motors, Unitary HVAC, Commercial O&M Practices, Compressed Air, Design Lites Consortium and Commercial Building Codes are included in the CEP budget.
6. Performance Incentives expected to be earned for EE activities in 2000 and 2001 but collected in 2002. Final Incentives have not been filed. For purposes of updating the 2002 budgets, estimated Performance Incentives from the Settlement in D.T.E. 98-48/49 were used.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 3: SUMMARY OF OUTSOURCED SERVICES - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration	Program Marketing	Program Implementation	Evaluation & Market Research	Other	Total
	Residential (Non Low-Income)						
1.	- In-House Costs	$ 68,940	$ 11,181	$ -	$ 16,334	$ -	$ 96,455
2.	- Outsourced Costs	$ 33,354	$ 62,261	$ 147,386	$ 16,670	$ -	$ 259,671
3.	Total	$ 102,294	$ 73,442	$ 147,386	$ 33,004	$ -	$ 356,126
4.	- % of Program Activities Outsourced	33%	85%	100%	51%	0%	73%
5.	- % of Outsourced Activities Competitively Procured	100%	100%	100%	100%	0%	100%
	Low-Income Program (See Note)						
6.	- In-House Costs	$ 8,405	$ 2,628	$ -	$ 2,604	$ -	$ 13,637
7.	- Outsourced Costs	$ 7,470	$ 1,136	$ 6,157	$ 5,852	$ -	$ 20,615
8.	Total	$ 15,874	$ 3,764	$ 6,157	$ 8,456	$ -	$ 34,251
9.	- % of Program Activities Outsourced	47%	30%	100%	69%	0%	60%
10.	- % of Outsourced Activities Competitively Procured	50%	0%	0%	100%	0%	47%
	Commercial & Industrial						
11.	- In-House Costs	$ 27,789	$ 11,829	$ 44,667	$ 18,316	$ -	$ 102,601
12.	- Outsourced Costs	$ 57,469	$ 2,082	$ 63,192	$ 22,545	$ -	$ 145,288
13.	Total	$ 85,258	$ 13,911	$ 107,859	$ 40,861	$ -	$ 247,889
14.	- % of Program Activities Outsourced	67%	15%	59%	55%	0%	59%
15.	- % of Outsourced Activities Competitively Procured	100%	100%	100%	100%	0%	100%
	Total Company						
16.	- In-House Costs	$ 105,134	$ 25,638	$ 44,667	$ 37,254	$ -	$ 212,692
17.	- Outsourced Costs	$ 98,293	$ 65,479	$ 216,735	$ 45,067	$ -	$ 425,574
18.	Total	$ 203,426	$ 91,117	$ 261,402	$ 82,321	$ -	$ 638,266
19.	- % of Program Activities Outsourced	48%	72%	83%	55%	0%	67%
20.	- % of Outsourced Activities Competitively Procured	96%	98%	97%	100%	0%	97%

Note: Program services for the Low-Income program are provided by the Montachussetts Opportunity Council (MOC), the WAP agency operating in FG&E's service territory. FG&E contracted with MOC in compliance with the Restructuring Act of 1997.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 4: ALLOCATION OF LOW-INCOME PROGRAM BUDGETS - BY SECTOR - 2002

Ln. No.		Residential [incl. Low-Income]	Commercial & Industrial	Total
1	Forecast MWh Sales - Current Year	163,637	370,608	534,245
2	Percent of Sales - by Sector	30.6%	69.4%	100.0%
3				
4	EE Revenues - Current Year @ $0.00250 / kWh			$ 1,335,611
5				
6	Total EE Budget - Current Year (Ln 4 + Ln 5)			$ 1,335,611
7	Total Low-Income Budget - Current Year @ $0.00025 / kWh			$ 133,561
8				
9	Total EE Budget - by Sector	$ 409,092	$ 926,519	$ 1,335,611
10	Percent of Total Budget - by Sector	30.6%	69.4%	100.0%
11				
12	Contribution by Sector to Low-Income Budget Fund			
13	- Forecast MWh Sales - Current Year	163,637	370,608	534,245
14	- Percent of Sales - by Sector	30.6%	69.4%	100.0%
15				
16	Low-Income Budget above Proportional Allocation			
17	- Total Low-Income Budget - Current Year @ $0.00025 / kWh			$ 133,561
18	- Low-Income MWh @ $0.00250 / kWh			$ 87,955
19	- Low-Income Funding Above Proportional Allocation			$ 45,606
20				
21	- Percent Contribution - by Sector	30.6%	69.4%	100.0%
22	- Dollar Contribution - by Sector	13,969	31,637	45,606

B. Proposed Performance Metrics and Shareholder Incentives

As established in the D.T.E. 98-100 Final Guidelines (Section 5), FG&E is entitled to earn a shareholder incentive calculated as a percentage of the budget, depending upon measured performance with respect to predefined program goals. Included in the June 28, 2001 Settlement Agreement was a requirement that FG&E "work with the Settling Parties to develop proposed performance metrics consistent with the D.T.E. Guidelines for 2002 with the understanding that the Settling Parties file specific metrics and allocations of incentives among programs for 2002, including metrics for both regional/statewide programs and Company-specific programs, at the Department on or before March 31, 2002." [2] The Company has worked diligently with the Settling parties and other Massachusetts' electric utilities over the past number of months toward development of consensus agreement on all regional/statewide program and Company-specific metrics. Results from these efforts were submitted to the DOER and Settling Parties on April 17, 2002 and is presented herein as Attachment 3.

Section 5 of the Guidelines issued by the Department in D.T.E. 98-100 provided distribution companies with direction about the Department's preferred structure for shareholder incentive mechanisms and how to calculate shareholder incentives associated with distribution companies' performance under their energy efficiency plans. The guidelines included definitions of a "design" performance level, a "threshold" performance level, and an "exemplary" performance level. The design performance level was defined as achieving 100% of the goal included in the Company's Energy Efficiency Plan. The threshold performance level was defined as achieving 75% of the goal. And, the exemplary level was defined as achieving 125% of the goal.

Section 5 also provided direction to the distribution companies about how to calculate shareholder incentives. The after-tax shareholder incentive related to accomplishing the design performance level was to be calculated as the product of: "(1) the average yield of the three-month United States Treasury bill…, and (2) total program implementation costs as included in a distribution company's Energy Efficiency Plan." (D.T.E. 98-100: Final Guidelines Section 5.3.)

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[2] June 28, 2001 Settlement Agreement, Section VI. B., pages 6 and 7.

Performance at the threshold level results in a shareholder incentive that is equal to 75% of the design incentive level. A distribution company shall earn no incentive if its performance is below the threshold performance level. Performance at the exemplary level results in a shareholder incentive that is equal to 125% of the design incentive level, and a distribution company shall earn no more than its exemplary performance level.

The Massachusetts electric utility companies, with support from the non-utility parties, have proposed that the above calculation algorithm be modified for 2002. This proposal addresses concerns that the very low prevailing Treasury bill rates may not provide an appropriate incentive to the electric distribution companies. The Massachusetts electric distribution utilities and the non-utility parties also recognize the need for timely review and updating of the shareholder incentive mechanism for the period 2003 – 2007. Although final resolution on the proposed modification of the calculation and level of incentive for 2002 has not yet been reached, FG&E, the Settling Parties, and the other electric distribution companies have agreed to the following:

1. FG&E and the other Massachusetts electric distribution companies' 2002 energy efficiency budgets use a shareholder incentive "place holder" amount equivalent to a 4.5% after tax rate at the Design Level of performance;

2. By July 1, 2002, the parties will work together to reach agreement on the incentive calculation and rate to be used in 2002, subject to DTE approval; and

   By July 1, 2002, the parties will jointly propose a performance-based shareholder incentive mechanism for all of the distribution companies during 2003 – 2007, subject to D.T.E. approval. In developing this proposal, all parties agree to consider the following incentive topics: the method used to determine the allowable level of incentives; the uniformity of shareholder incentive mechanisms across the companies and programs; the deign and structure of the incentive mechanisms; the threshold/design/exemplary tiers and percentages; the basis of the incentives (expenditure versus budget); the performance basis of the incentive mechanisms (the roles of savings, cost-effectiveness, and regional metrics); the potential for multi-year metrics that are progressively linked; and the recovery method for the incentive. Other issues may be considered in addition to the issues identified above.

C. Cost Effectiveness by Program

The Company, as part of its original February 9, 2001 Energy Efficiency Program Plan filing, performed a detailed total resource cost analysis for all of its proposed energy efficiency programs. Benefit/Cost ratios in this analysis were calculated in accordance with the Massachusetts Department of Telecommunications and Energy's *Guidelines for the Methods and Procedures for the Evaluation and Approval of Energy Efficiency Programs*; D.T.E. 98-100. To the greatest extent practical, key input assumptions were compared for each program with those being used by the other Massachusetts electric distribution utilities and additional efforts to ensure consistency of assumptions amongst utilities is still underway. Results from the Company's Cost-Effectiveness analyses are summarized below [3]:

Residential – Non Low-Income	**B/C Ratio**
a) ENERGY STAR® Homes	1.2
b) ENERGY STAR® Lighting	3.6
c) ENERGY STAR® Appliances	1.4
d) RCS and Residential Efficiency	1.4
e) Residential ENERGY STAR® Trade-In	1.4
Subtotal Residential Non Low-Income:	**2.0**
Residential – Low Income	
a) New Construction, Multi-Family, and In-Homes Services	2.0
Subtotal Residential – Low Income:	**2.0**
Commercial & Industrial	
a) Small Commercial and Industrial Program	1.5
b) Comprehensive Efficiency (new construction and retrofit)	2.7
Total Commercial & Industrial:	**2.5**
Total All Programs:	**2.2**

[3] Source: Section II, Table II-4 of FG&E's February 9, 2001 5-Year Energy Efficiency Program Plan.

III. Proposed Program Changes for 2002

A. Residential Non-Low Income

The Company is proposing a few changes in 2002 to its residential non-low income energy efficiency programs. The changes are summarized in the following table:

Program	Modifications for 2002
ENERGY STAR® Homes	• $100 achievement incentive for HERS rating of 87+ for single family homes (88+ for multi-family homes) – no achievement incentives were offer for HERS ratings in 2001. • Maximum lighting / appliance / ventilation rebate lowered to $900 (from $1000 in 2001). Individual end-use maximum rebate levels lowered. • $100 max rebate for ventilation (same as 2001), but must be for approved mechanical ventilation. • $100 max rebate for refrigerator (down from $200 in 2001). • Balance of $800 toward the 100% reimbursement of hard-wired light fixtures, bulbs, table-lamps and torchieres (vs. $900 max rebate for lighting fixtures in 2001).
ENERGY STAR® Lighting	• Rebate for CFL bulbs lowered to $3, from $5 in 2001 – fixture rebates remain the same ($10 exterior, 415 interior, $20 torchieres). • Expanded focus on Industry Initiated Promotions (leveraging industry dollars with utility budgets.
ENERGY STAR® Appliances	• $50 rebate on washing machines discontinued in 2002. • Focus shifting to Industry Initiated Promotions.
RCS & Res. Efficiency	• In addition to audits, 2001's introduction of the Coalition Action Plan will continue in 2002 including percentage-based rebate incentives for homeowners willing to invest in installing major cost-effective energy efficiency measures.
ENERGY STAR® Trade-In	• No Changes from 2001
Web Site Development	• No Changes from 2001

B. Residential - Low Income

The Company is currently completing a process flow, customer awareness, participation, satisfaction and quality control assessment of it existing electric energy efficiency low-income program. Results from this assessment may identify potential areas for program modification. However, at the present time, FG&E continues to deliver its 2002 low- income program in a manner consistent with its 2001 delivery.

C. Commercial and Industrial Programs

The Company is proposing the following changes in 2002 to its commercial and industrial energy efficiency programs:

Program	Modifications for 2002
Small C&I Program	• No Changes from 2001
CEP – New Construction	• No Changes from 2001
CEP – Retrofit	• No Changes from 2001
Motor-up	• Together with CEE, the regional working group has adopted the new "NEMA Premium" standards for all qualifying motors (vs. old CEE standards in 2001). • The regional working group has developed a new marketing campaign that will be implemented by APT in 2002. • Several of the other regional utilities will begin to perform vendor outreach activities internally rather than via the APT "circuit rider". FG&E will continue to use APT for these activities.
Unitary HVAC (Cool Choice)	• Incentives for all Package Terminal Systems have been eliminated (vs. $45 per ton prescriptive incentive in 2001). • New measure has been added to regional worksheet - $250 per control to be provided for installation of dual enthalpy economizer control on qualifying equipment.
Design Lights Consortium	• Updating Office and Classroom KnowHow Series guides and developing 8 new case studies for the overall KnowHow series of guides.
O&M Training / Certif.	• Level of co-funding decreased from $700 to $400/attendee

IV. Evaluation

On December 21, 2001, the DOER and D.T.E. staff requested that Massachusetts electric utilities summarize current and planned evaluation activities. FG&E provided the requested information on January 11, 2002. On March 1, 2002, in response to the Non-Utility Parties comments on its January 11, 2002 submittal, the Company provided an updated evaluation plan (by memo dated March 1, 2002) which included evaluation budgets by program and sector for 2002. These updated evaluation budgets have been incorporated into the Company's Final 2002 Energy Efficiency Program budget provided herein. Please refer to Attachment 4 for a copy of FG&E's 3/1/02 Updated Evaluation and Market Assessments memo and associated summary of the Company's proposed 2002 evaluation activities by program.

ATTACHMENT 1

FG&E November 2, 2001 Energy Efficiency Update Filing

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November 1, 2001

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Fitchburg Gas and Electric Light Company —
D.T.E. 98-48/49

Dear Ms Cottrell:

Pursuant to Settlement in the above referenced docket, Fitchburg Gas and Electric Light Company ("FG&E") herewith files an original and 8 copies of its updated Energy Efficiency Program budgets for 2002. In addition to the updated budgets, provided in the format required by the *Guidelines Supporting the Massachusetts Division of Energy Resources' Energy Efficiency Oversight and Coordination*[1], FG&E has included a narrative summary of changes from the projected 2002 budget included in the Settlement.

Copies of this filing have been sent to the Settling Parties in this docket and FG&E has included electronic copies in Microsoft Excel and Word.

[1] Dated September 3, 1999.

Thank you for your attention to this matter.

Very Truly Yours,

Meabh Purcell

Encs.

cc: John Geary, Hearing Officer
Larry Masland, DOER
Bruce Ledgerwood, DOER
Steven Venezia, Esq., DOER
John Manning, Northeast Energy Efficiency Council
Alexander Cochis, Assistant Attorney General
Jerrold Oppenheim, Esq., Low Income Affordability Newtork
Richard Kennelly, Conservation Law Foundation

BS74927

Fitchburg Gas and Electric Light Company
5-Year Energy Efficiency Program Plan
Budget Update Summary – 2002
D.T.E. 98 – 48 / 49

I. Summary:

On February 9, 2001, Fitchburg Gas and Electric Light Company ("FG&E" or "Company") FG&E filed its 5 Year Energy Efficiency Program Plan ("EE Plan") with the Department of Telecommunications and Energy ("Department") in compliance with the Department's Orders in docket D.T.E. 98-48/49. On June 28, 2001, the Company filed a Settlement, signed by the parties to this docket and on August 17, 2001, the Department approved the Settlement. Pursuant to the Settlement, FG&E herewith files updated program budgets for 2002 on or before November 1, 2001.

Included in its February 9th EE Plan, FG&E provided actual program expenditures for 1998 and 1999, actual (9) and projected (3) expenditures for 2000 and proposed program budgets for 2001 and 2002. The proposed program budgets were approximately $2.1 and $1.7 million, respectively, for each year[1]. With actual program results through September 2001, projected year-end expenditures are expected to be approximately $1.8 million and $1.7, respectively. A brief discussion of 2001 EE activities is provided below followed by the updated program budgets for 2002. For consistency with the Company's EE Plan, budget details, provided in the format required by the *Guidelines Supporting the Massachusetts Division of Energy Resources' Energy Efficiency Oversight and Coordination,* are attached to this summary as 11/01/01 Update – Tables 1 through 4.

II. Residential Non-Low Income:

In general, electric sales were higher than projected for the residential sector during 2001, generating nearly $80k more in EE revenues. In contrast, total program costs[2] were approximately $114k under budget. Combined, these two factors increased the projected over-

[1] From Appendix A, Table 1 of the Company's 5 Year EE Plan filed February 9, 2001.

[2] Total program costs include approved Performance Incentives, reversal of Lost Base Revenue in compliance with Department Orders, and direct program costs.

collection[3] for this sector (including interest), by approximately $200k. The majority of the residential EE programs are on track for 2001. Because of the late start of the Residential Trade-In Program[4], specifically the air-conditioner ("a/c") component, FG&E expects this program to be under budget by the end of 2001. The Company is currently arranging for a/c trade-in events to be held during the 2002 cooling season and intends to use as much of the original budget during 2002, however, it is likely that activity for this program will continue into 2003.

By year-end 2002, based on the Residential sector's projected EE revenue of $775k and program expenses of $656k, this sector is expected to be approximately $138k over-collected. Table 1 shows a comparison of the forecast year end balance for this sector's from FG&E's 2/9/01 EE Plan versus its 11/1/01 update.

Table 1
Forecast Year End Balance --2002
Residential Non-Low Income

	Forecast (0 & 12) 2/9/01 EE Plan	Updated Fcst (0 & 12) 11/1/01 Update	Variance (Forecast – Update)
Program Year 2002			
Beginning Balance	$204,954	$406,922	($201,968)
EE Revenue	$353,670	$368,183	($14,513)
Total Sector Revenue	$558,624	$775,105	($216,481)
Performance Incentive/LBR	$18,300	$118,791	($100,491)
Program Costs	$549,618	$537,564	$12,054
Total Costs	$567,918	$656,355	($88,437)
Year-End Balance - Over/(Under)	($9,294)	$118,750	($128,044)
Interest on Balance	$9,294	$19,010	($9,716)
Balance Forwarded	$0	$137,760	($137,760)

[3] See attached 11/01/01 Update, Table 2, Page 1 of 2.

[4] FG&E's other residential programs received interim D.T.E. approval in Phase I of D.T.E. 98-48/49 and the Company was able to continue implementation of these programs during Phase II of this docket. The Trade-In Program was not included in the Company's original 5 Year Plan proposal. Therefore, FG&E waited until it received approval (on August 17, 2001) before implementing this program.

III. Residential Low-Income:

The Residential Low Income ("LI") sector's EE revenue and resulting EE budgets are dependent on the electric sales for the entire Company, including the Commercial and Industrial sector. With actual sales and collection data through September 2001, year-end 2001 EE revenues for the LI sector are expected to be approximately 7% below that projected in the Company's EE Plan, while 2001 program expenditures are expected to be about 6% below the original projection for the year. Program expenditures for 2000 were ahead of budget, however. In its February 9th EE Plan, FG&E projected that 2000 LI spending would be about $136k. Actual 2000 program spending came in at $176k. The over expenditure was due to an unexpected, large multifamily project completed in the last quarter of 2000.

By year-end 2002, based on the LI sector's projected EE revenue of $1225k and program expenses of $121k, this sector is expected to have a zero balance. Table 2 shows a comparison of the forecast year end balance for this sector from FG&E's 2/9/01 EE Plan versus its 11/1/01 update.

Table 2
Forecast Year End Balance --2002
Residential Low-Income

	Forecast (0 & 12) 2/9/01 EE Plan	Updated Fcst (0 & 12) 11/1/01 Update	Variance (Forecast – Update)
Program Year 2002			
Beginning Balance	$22,902	($10,741)	$33,643
EE Revenue	$130,073	$133,561	($3,488)
Total Sector Revenue	$152,975	$122,820	$30,155
Performance Incentive/LBR	$11,263	$34,963	($23,700)
Program Costs	$142,751	$87,052	$55,699
Total Costs	$154,014	$122,015	$31,999
Year-End Balance - Over/(Under)	($1,039)	$805	($1,844)
Interest on Balance	$1,039	($805)	$1,844
Balance Forwarded	$0	$0	$0

IV. Commercial & Industrial:

Actual electric sales for the Commercial and Industrial ("C&I") sector for 2000 and 2001 were below sales projected in FG&E's EE Plan resulting in lower EE revenue than expected. At the end of 2001, FG&E expects revenue for this sector to be approximately $101k less than originally projected. However, spending is currently ahead of budget by approximately $100k. In its February 9th EE Plan, FG&E projected that 2000 spending for this sector would be about $872k while actual 2000 program spending came in at just over $1million (or $178k over budget). The over expenditure was due to several projects that were completed ahead of schedule. Year end program expenses for 2001 are projected to be about $82k under budget for a net impact of $100k.

By year-end 2002, based on the C&I sector's projected EE revenue of $825 k and program expenses of $822k, this sector is expected to have a zero balance. Table 3 shows a comparison of the forecast year end balance for this sector from FG&E's 2/9/01 EE Plan versus its 11/1/01 update.

Table 3
Forecast Year End Balance --2002
Commercial and Industrial

	Forecast (0 & 12) 2/9/01 EE Plan	Updated Fcst (0 & 12) 11/1/01 Update	Variance (Forecast – Update)
Program Year 2002			
Beginning Balance	$199,799	($9,004)	$208,803
EE Revenue	$816,987	$833,867	($16,880)
Total Sector Revenue	$1,016,786	$824,863	$191,923
Performance Incentive/LBR	$75,925	$223,177	($147,252)
Program Costs	$949,920	$598,632	$351,288
Total Costs	$1,025,845	$821,809	$204,036
Year-End Balance - Over/(Under)	($9,060)	$3,054	($12,114)
Interest on Balance	$9,060	($3,054)	$12,114
Balance Forwarded	$0	$0	$0

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
11/01/01 UPDATE
TABLE 1: PROPOSED ENERGY EFFICIENCY PROGRAM BUDGET - 2002

Ln.	Budget / Expenditures Summary	2000	2001	2002
1.	**Estimated / Actual Collections**	**0 & 12**	**3 & 9**	**12 & 0**
2.	Forecast/Actual MWh Sales			
3.	- Residential (inc. low-income)	152,321	160,449	163,637
4.	- Commercial & Industrial	317,937	312,568	370,608
5.	**Total MWh Forecast / Actual - Ln 3 plus Ln 4**	**470,257**	**473,017**	**534,245**
6.	Legislative Mandated Rate ($/kWh)	$ 0.00285	$ 0.00270	$ 0.00250
7.	Subtotal - Estimated / Actual Collections ($'s)	$ 1,340,234	$ 1,277,146	$ 1,335,611
8.	Adjustment for Year-End Billing Proration	$ 3,565	$ 2,500	$ -
9.	**Total - Estimated / Actual Collections ($'s)**	**$ 1,343,799**	**$ 1,279,646**	**$ 1,335,611**
8.	**Adjustment to Total Collections**			
9.	Forecast Collections Prior Year (Note 1)	$ 1,177,025	$ 1,365,856	$ 1,279,646
10.	Actual Collections Prior Year	$ 1,557,145	$ 1,343,799	$ 1,279,646
11.	Carryover from Prior Year	$ 380,120	$ 521,173	$ 341,356
12.	Interest on Carryover from Prior Year (Note 2)	$ 33,564	$ 129,927	$ 45,822
13.	Other Adjustments (Note 2)	$ 250,596	$ -	$ -
14.	**Total Adjustments**	**$ 664,280**	**$ 651,099**	**$ 387,178**
15.	**Total EEP Budget / Expenditures**	**$ 2,008,079**	**$ 1,930,745**	**$ 1,722,788**

Notes:

1. *Forecast Collections Prior Year* for 2001 is from FG&E's 5 Year Energy Efficiency Plan, Appendix A, Table 1.
2. Reversal of Lost Base Revenue collected from March 1998 through November 2000, plus interest, pursuant to the Department's 11/09/00 Order in DTE 98-48/49, Phase I. LBR of $250,596 plus interest of $84,474. The LBR reversal is shown in line 13 and the interest reversal is included in line 12 .

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
11/01/01 UPDATE
TABLE 2: DETAILED PROGRAM BUDGET - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration [1]	Program Marketing [2]	Customer/ Contractor Rebates [3]	Program Implementation [4]	Evaluation & Market Research [5]	Performance Incentive [6]	Other [7]	Total [8]
	Residential (Non Low-Income)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	
1.	**Funding Components**								
2.	- Estimated Collections - Current Year								$ 368,183
3.	- Sector Carryover (Prior Year) - Under/(Over) Spent								371,406
4.	- Interest on Carryover - Prior Year								35,516
5.	- Actual vs. Forecast Sales in Prior Year								-
6.	**Total Sector Funding - Current Year**								**$ 775,105**
7.	**Program Budgets:**								
8.	- New Construction/Lost Opportunities								
	a] Energy Star™ Homes	$ 18,219	$ 2,715	$ 1,040	$ 23,124	$ 2,564	$ 4,002	$ -	$ 51,664
9.	- In-Home Services								
	a] Residential Efficiency Program	25,058	3,888	58,677	5,810	3,794	8,315	-	105,542
	b] Residential Conservation Services (ECS/RCS)	16,560	6,694	22,297	31,755	2,404	6,544	-	86,254
10.	- Products & Services								
	a] Northeast Regional Lighting Initiative	17,414	19,729	32,516	16,089	3,004	7,453	-	96,205
	b] Energy Star™ Appliances	19,020	20,236	-	27,898	4,049	5,979	-	77,182
	c] Torchiere / Room AC Trade-In	17,595	9,954	50,141	24,886	14,434	9,826	-	126,836
11.	- Information & Education								
	a] Website Development	-	-	-	24,000	-	2,015	-	26,015
	b] n/a	-	-	-	-	-	-		-
12.	- Other (NUP Collaborative Funding)	9,000	-	-	-	3,000	-	-	12,000
13.	- Performance Incentives - Prior Year(s) (Note 6)							74,657	74,657
14.	Sector Fund Ending Balance							118,750	118,750
15.	**Total Sector Budget**	**$ 122,866**	**$ 63,216**	**$ 164,671**	**$ 153,562**	**$ 33,249**	**$ 44,134**	**$ 193,407**	**$ 775,105**
	Low-Income								
16.	**Funding Components**								
17.	- Estimated Collections - Current Year								$ 133,561
18.	- Sector Carryover (Prior Year) - Under/(Over) Spent								(13,045)
19.	- Interest on Carryover - Prior Year								2,304
20.	- Actual vs. Forecast Sales in Prior Year								-
21.	**Total Sector Funding - Current Year**								**$ 122,820**
22.	**Program Budget:**								
23.	- New Construction								
	a] Electric Low-Income Program	$ 500	$ 350	$ 9,100	$ 750	$ 600	$ 933	$ -	$ 12,233
24.	- In-Home Services								
	a] Electric Low-Income Program	17,633	2,202	44,582	4,595	6,740	6,214	-	81,966
25.	- Products & Services (Note 3)	-	-	-	-	-	-	-	-
26.	- Information & Education (Note 3)	-	-	-	-	-	-	-	-
27.	- Other	-	-	-	-	-	-	-	-
28.	- Performance Incentives - Prior Year(s) (Note 6)							27,816	27,816
29.	Sector Fund Ending Balance							805	805
30.	**Total Sector Budget**	**$ 18,133**	**$ 2,552**	**$ 53,682**	**$ 5,345**	**$ 7,340**	**$ 7,147**	**$ 28,621**	**$ 122,820**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
11/01/01 UPDATE
TABLE 2: DETAILED PROGRAM BUDGET - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration [1]	Program Marketing [2]	Customer/ Contractor Rebates [3]	Program Implementation [4]	Evaluation & Market Research [5]	Performance Incentive [6]	Other [7]	Total [8]
	Commercial and Industrial								
31.	**Funding Components**								
32.	- Estimated Collections - Current Year								$ 833,867
33.	- Sector Carryover (Prior Year) - Under/(Over) Spent								(17,006)
34.	- Interest on Carryover - Prior Year								8,002
35.	- Actual vs. Forecast Sales in Prior Year								-
36.	**Total Sector Funding - Current Year**								**$ 824,863**
37.	**Program Budgets:**								
38.	- Lost Opportunities (Note 4)								
	a] Comprehensive Efficiency	$ 90,000	$ 3,000	$ 70,000	$ 6,500	$ 7,500	$ 14,532	$ -	$ 191,532
39.	- Retrofit								
	a] Comprehensive Efficiency	106,446	8,705	203,715	19,297	21,172	29,501	-	388,836
40.	- Small Commercial and Industrial Program	19,364	1,869	29,004	6,500	5,560	5,115	-	67,412
41.	- Products & Services (Note 5)	-	-	-	-	-	-	-	-
42.	- Information & Education	-	-	-	-	-	-	-	-
43.	- Other	-	-	-	-	-	-	-	-
44.	- Performance Incentives - Prior Year(s) (Note 6)							174,029	174,029
45.	Sector Fund Ending Balance							3,055	3,055
46.	**Total Sector Budget**	**$ 215,810**	**$ 13,574**	**$ 302,719**	**$ 32,297**	**$ 34,232**	**$ 49,148**	**$ 177,084**	**$ 824,863**
	Other								
47.	- NUP Collaborative Funding - See Line 12	-	-	-	-	-	-	-	-
48.	- R&D	-	-	-	-	-	-	-	-
49.	- Other	-	-	-	-	-	-	-	-
50.	**Total Other Budget**	-	-	-	-	-	-	-	-
	Total Company								
51.	**Funding Components**								
52.	- Estimated Collections - Current Year								$ 1,335,611
53.	- Total Carryover - Prior Year								341,355
54.	- Interest on Carryover - Prior Year								45,822
55.	- Actual vs. Forecast Sales in Prior Year								-
56.	**Total Company Funding - Current Year**								**$ 1,722,788**
57.	**Program Budgets:**								
58.	- Total Residential (Non Low-Income)	$ 122,866	$ 63,216	$ 164,671	$ 153,562	$ 33,249	$ 44,134	$ 193,407	$ 775,105
59.	- Total Low-Income	18,133	2,552	53,682	5,345	7,340	7,147	28,621	122,820
60.	- Total C&I	215,810	13,574	302,719	32,297	34,232	49,148	177,084	824,863
61.	- Total Other	-	-	-	-	-	-	-	-
62.	**Total Company Budget**	**$ 356,809**	**$ 79,342**	**$ 521,072**	**$ 191,204**	**$ 74,821**	**$ 100,429**	**$ 399,112**	**$ 1,722,788**

Notes:

1. Column [1] - Program design and internal administration and regulatory costs.
   Column [2] - Internal and third party marketing costs
   Column [3] - Customer/contractor rebates and facilities audits
   Column [4] - Third party management costs.
   Column [5] - Internal and third party evaluation costs
   Column [6] - Performance incentives
   Column [7] - Interest and Other
   Column [8] - Total
2. N/A
3. The Low-Income Program contains elements of Products & Services and Information & Education.
4. The estimated portion of the CEP program funds allocated for major renovation, failed equipment replacement and new construction.
5. Estimated costs associated with administrative activities and NEEP funding for all regional initiatives, including Premium Efficiency Motors, Unitary HVAC, Commercial O&M Practices, Compressed Air, Design Lites Consortium and Commercial Building Codes are included in the CEP budget.
6. Performance Incentives expected to be earned for EE activities in 2000 and 2001 but collected in 2002. Final Incentives have not been determined. For purposes of updating the 2002 budgets, estimated Performance Incentives from the Settlement in D.T.E. 98-48/49 were used.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
11/01/01 UPDATE
TABLE 3: SUMMARY OF OUTSOURCED SERVICES - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration	Program Marketing	Program Implementation	Evaluation & Market Research	Other	Total
	Residential (Non Low-Income)						
1.	- In-House Costs	$ 73,594	$ 9,572	$ -	$ 13,605	$ -	$ 96,771
2.	- Outsourced Costs	$ 49,272	$ 53,644	$ 153,562	$ 19,644	$ -	$ 276,122
3.	Total	$ 122,866	$ 63,216	$ 153,562	$ 33,249	$ -	$ 372,893
4.	- % of Program Activities Outsourced	40%	85%	100%	59%	0%	74%
5.	- % of Outsourced Activities Competitively Procured	100%	100%	100%	100%	0%	100%
	Low-Income Program (See Note)						
6.	- In-House Costs	$ 8,384	$ 2,282	$ -	$ 2,260	$ -	$ 12,926
7.	- Outsourced Costs	$ 9,749	$ 270	$ 5,345	$ 5,080	$ -	$ 20,444
8.	Total	$ 18,133	$ 2,552	$ 5,345	$ 7,340	$ -	$ 33,370
9.	- % of Program Activities Outsourced	54%	11%	100%	69%	0%	61%
10.	- % of Outsourced Activities Competitively Procured	50%	0%	0%	100%	0%	49%
	Commercial & Industrial						
11.	- In-House Costs	$ 103,420	$ 13,574	$ -	$ 21,232	$ -	$ 138,226
12.	- Outsourced Costs	$ 112,391	$ -	$ 32,297	$ 13,000	$ -	$ 157,688
13.	Total	$ 215,810	$ 13,574	$ 32,297	$ 34,232	$ -	$ 295,913
14.	- % of Program Activities Outsourced	52%	0%	100%	38%	0%	53%
15.	- % of Outsourced Activities Competitively Procured	100%	0%	100%	100%	0%	100%
	Total Company						
16.	- In-House Costs	$ 185,397	$ 25,428	$ -	$ 37,097	$ -	$ 247,922
17.	- Outsourced Costs	$ 171,412	$ 53,914	$ 191,204	$ 37,724	$ -	$ 454,254
18.	Total	$ 356,809	$ 79,342	$ 191,204	$ 74,821	$ -	$ 702,176
19.	- % of Program Activities Outsourced	48%	68%	100%	50%	0%	65%
20.	- % of Outsourced Activities Competitively Procured	97%	99%	97%	100%	0%	98%

Note: Program services for the Low-Income program are provided by the Montachussetts Opportunity Council (MOC), the WAP agency operating in FG&E's service territory. FG&E contracted with MOC in compliance with the Restructuring Act of 1997.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
11/01/01 UPDATE
TABLE 4: ALLOCATION OF LOW-INCOME PROGRAM BUDGETS - BY SECTOR - 2002

Ln. No.		Residential [incl. Low-Income]	Low-Income	Commercial & Industrial	Total
1	Forecast MWh Sales - Current Year	163,637	35,182	370,608	534,245
2	Percent of Sales - by Sector	30.6%		69.4%	100.0%
3					
4	EE Revenues - Current Year @ $0.00250 / kWh				$ 1,335,611
5					
6	Total EE Budget - Current Year (Ln 4 + Ln 5)				$ 1,335,611
7	Total Low-Income Budget - Current Year @ $0.00025 / kWh				$ 133,561
8					
9	Total EE Budget - by Sector	$ 409,092		$ 926,519	$ 1,335,611
10	Percent of Total Budget - by Sector	30.6%		69.4%	100.0%
11					
12	Contribution by Sector to Low-Income Budget Fund				
13	- Forecast MWh Sales - Current Year	163,637		370,608	534,245
14	- Percent of Sales - by Sector	30.6%		69.4%	100.0%
15					
16	Low-Income Budget above Proportional Allocation				
17	- Total Low-Income Budget - Current Year @ $0.00025 / kWh				$ 133,561
18	- Low-Income MWh @ $0.00250 / kWh				$ 87,955
19	- Low-Income Funding Above Proportional Allocation				$ 45,606
20					
21	- Percent Contribution - by Sector	30.6%		69.4%	100.0%
22	- Dollar Contribution - by Sector	13,969		31,637	45,606

ATTACHMENT 2

FG&E April 25, 2002 Reconciliation Filing

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April 25, 2002

Mary L. Cottrell, Secretary
Massachusetts Department of
Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Fitchburg Gas and Electric Light Company – D.T.E. 98-48/49

Dear Ms. Cottrell,

On November 1, 2001, pursuant to Settlement in the above referenced docket, Fitchburg Gas and Electric Light Company ("FG&E") filed its updated Energy Efficiency Program Budget for 2002 ("Nov. 1 EE Update"). At that time, FG&E included actual energy efficiency ("EE") results (e.g.; EE revenues and expenses) through September 2001 and estimates for October through December 2001.

After the beginning of the new year, Division of Energy Resources ("DOER") staff requested the Company to update its 2002 budgets to include changes since the Nov. 1 EE Update, including reconciliation of final 2001 program results on year-end EE fund balance.

FG&E herewith files an original and 8 copies of its Final 2002 Energy Efficiency Program Budget in the format required by the *Guidelines Supporting the Massachusetts Division of Energy Resources' Energy Efficiency Oversight and Coordination*[1]. In addition, Attachment I provides a summary of changes from the Nov. 1 EE Update.

[1] Dated September 3, 1999.

Copies of this filing have been sent to the Settling Parties in this docket and an electronic copy, in Microsoft Excel and Word, are included.

Thank you for your attention to this matter.

Very Truly Yours,

Meabh Purcell

MP/ags
Enclosures
cc: John Geary, Hearing Officer
Larry Masland, DOER
Bruce Ledgerwood, DOER
Steven Venezia, Esq., DOER
John Manning, Northeast Energy Efficiency Council
Alexander Cochis, Assistant Attorney General
Jerrold Oppenheim, Esq., Low Income Affordability Network
Richard Kennelly, Conservation Law Foundation

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FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 1: PROPOSED ENERGY EFFICIENCY PROGRAM BUDGET - 2002

Ln.	Budget / Expenditures Summary	2000	2001	2002
1.	**Estimated / Actual Collections**	**0 Est & 12 Act**	**0 Est & 12 Act**	**12 Est & 0 Act**
2.	Forecast/Actual MWh Sales			
3.	- Residential (inc. low-income)	152,321	157,076	163,637
4.	- Commercial & Industrial	317,937	298,890	370,608
5.	**Total MWh Forecast / Actual - Ln 3 plus Ln 4**	**470,257**	**455,966**	**534,245**
6.	Legislative Mandated Rate ($/kWh)	$ 0.00285	$ 0.00270	$ 0.00250
7.	Subtotal - Estimated / Actual Collections ($'s)	$ 1,340,234	$ 1,231,108	$ 1,335,611
8.	Adjustment for Year-End Billing Pro-ration	$ 3,565	$ 2,513	$ -
9.	**Total - Estimated / Actual Collections ($'s)**	**$ 1,343,799**	**$ 1,233,621**	**$ 1,335,611**
8.	**Adjustment to Total Collections**			
9.	Forecast Collections Prior Year (Note 1)	$ 1,177,025	$ 1,365,856	$ 1,233,621
10.	Actual Collections Prior Year	$ 1,557,145	$ 1,343,799	$ 1,233,621
11.	Carryover from Prior Year	$ 380,120	$ 521,173	$ 269,435
12.	Interest on Carryover from Prior Year (Note 2)	$ 33,564	$ 129,927	$ 44,706
13.	Other Adjustments (Note 2)	$ 250,596	$ -	$ -
14.	**Total Adjustments**	**$ 664,280**	**$ 651,099**	**$ 314,140**
15.	**Total EEP Budget / Expenditures**	**$ 2,008,079**	**$ 1,884,720**	**$ 1,649,751**

Notes:

1. *Forecast Collections Prior Year* for 2001 is from FG&E's 5 Year Energy Efficiency Plan, Appendix A, Table 1.
2. Reversal of Lost Base Revenue collected from March 1998 through November 2000, plus interest, pursuant to the Department's 11/09/00 Order in DTE 98-48/49, Phase I. LBR of $250,596 plus interest of $84,474. The LBR reversal is shown in line 13 and the interest reversal is included in line 12 .

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 2: DETAILED PROGRAM BUDGET - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration [1]	Program Marketing [2]	Customer/ Contractor Rebates [3]	Program Implementation [4]	Evaluation & Market Research [5]	Performance Incentive [6]	Other [7]	Total [8]
	Residential (Non Low-Income)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	
1.	**Funding Components**								
2.	- Estimated Collections - Current Year								$ 336,520
3.	- Sector Carryover (Prior Year) - Under/(Over) Spent								366,441
4.	- Interest on Carryover - Prior Year								35,333
5.	- Actual vs. Forecast Sales in Prior Year								-
6.	**Total Sector Funding - Current Year**								**$ 738,294**
7.	**Program Budgets:**								
8.	- New Construction/Lost Opportunities								
	a] Energy Star™ Homes	$ 18,186	$ 2,720	$ 87,047	$ 23,119	$ 6,459	$ 9,496	$ -	$ 147,027
9.	- In-Home Services								
	a] Residential Efficiency Program	24,316	13,658	71,217	6,518	8,057	8,545	-	132,311
	b] Residential Conservation Services (ECS/RCS)	16,560	6,694	22,297	31,755	2,404	5,505	-	85,215
10.	- Products & Services								
	a] Northeast Regional Lighting Initiative	13,934	19,729	32,516	16,089	6,484	6,128	-	94,880
	b] Energy Star™ Appliances	16,298	17,341	-	23,905	6,500	4,422	-	68,466
	c] Torchiere / Room AC Trade-In	13,000	13,300	48,600	22,000	3,100	6,904	-	106,904
11.	- Information & Education								
	a] Website Development	-	-	-	24,000	-	-	-	24,000
	b] n/a	-	-	-	-	-	-		-
12.	- Other: Efficient Program Delivery Incentive - Residential						4,556		4,556
13.	- Performance Incentives - Prior Year(s) (Note 6)							75,093	75,093
14.	Sector Fund Ending Balance							(12,158)	(12,158)
15.	**Total Sector Budget**	**$ 102,294**	**$ 73,442**	**$ 261,677**	**$ 147,386**	**$ 33,004**	**$ 45,556**	**$ 62,935**	**$ 726,294**
	Low-Income								
16.	**Funding Components**								
17.	- Estimated Collections - Current Year								$ 133,561
18.	- Sector Carryover (Prior Year) - Under/(Over) Spent								844
19.	- Interest on Carryover - Prior Year								2,183
20.	- Actual vs. Forecast Sales in Prior Year								-
21.	**Total Sector Funding - Current Year**								**$ 136,588**
22.	**Program Budget:**								
23.	- New Construction								
	a] Electric Low-Income Program	$ 500	$ 350	$ 9,100	$ 750	$ 600	$ 959	$ -	$ 12,259
24.	- In-Home Services								
	a] Electric Low-Income Program	15,374	3,414	57,747	5,407	7,856	6,424	-	96,222
25.	- Products & Services (Note 3)	-	-	-	-	-	-	-	-
26.	- Information & Education (Note 3)	-	-	-	-	-	-	-	-
27.	- Other	-	-	-	-	-	-	-	-
28.	- Performance Incentives - Prior Year(s) (Note 6)							27,816	27,816
29.	Sector Fund Ending Balance							291	291
30.	**Total Sector Budget**	**$ 15,874**	**$ 3,764**	**$ 66,847**	**$ 6,157**	**$ 8,456**	**$ 7,383**	**$ 28,107**	**$ 136,588**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 2: DETAILED PROGRAM BUDGET - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration [1]	Program Marketing [2]	Customer/ Contractor Rebates [3]	Program Implementation [4]	Evaluation & Market Research [5]	Performance Incentive [6]	Other [7]	Total [8]
	Commercial and Industrial								
31.	**Funding Components**								
32.	- Estimated Collections - Current Year								$ 865,530
33.	- Sector Carryover (Prior Year) - Under/(Over) Spent								(97,851)
34.	- Interest on Carryover - Prior Year								7,190
35.	- Actual vs. Forecast Sales in Prior Year								-
36.	**Total Sector Funding - Current Year**								$ 774,869
37.	**Program Budgets:**								
38.	- Lost Opportunities (Note 4)								
	a) Comprehensive Efficiency	$ 90,000	$ 3,000	$ 70,000	$ 7,000	$ 7,500	$ 10,200	$ -	$ 187,700
39.	- Retrofit								
	a) Comprehensive Efficiency	81,428	7,203	168,910	16,818	18,524	20,303	-	313,186
40.	- Small Commercial and Industrial Program	17,210	3,708	43,675	5,654	14,837	5,653	-	90,737
41.	- Products & Services (Note 5)	-	-	-	-	-	-	-	-
42.	- Information & Education	-	-	-	-	-	-	-	-
43.	- Other: Efficient Program Delivery Incentive - Business	-	-	-	-	-	4,100	-	4,100
44.	- Performance Incentives - Prior Year(s) (Note 6)							174,337	174,337
45.	Sector Fund Ending Balance							4,809	4,809
46.	**Total Sector Budget**	$ 188,638	$ 13,911	$ 282,585	$ 29,472	$ 40,861	$ 40,256	$ 179,146	$ 774,869
	Other								
47.	- NUP Collaborative Funding	12,000	-	-	-	-	-	-	12,000
48.	- R&D	-	-	-	-	-	-	-	-
49.	- Other	-	-	-	-	-	-	-	-
50.	**Total Other Budget**	12,000	-	-	-	-	-	-	12,000
	Total Company								
51.	**Funding Components**								
52.	- Estimated Collections - Current Year								$ 1,335,611
53.	- Total Carryover - Prior Year								269,434
54.	- Interest on Carryover - Prior Year								44,706
55.	- Actual vs. Forecast Sales in Prior Year								-
56.	**Total Company Funding - Current Year**								$ 1,649,751
57.	**Program Budgets:**								
58.	- Total Residential (Non Low-Income)	$ 102,294	$ 73,442	$ 261,677	$ 147,386	$ 33,004	$ 45,556	$ 62,935	$ 726,294
59.	- Total Low-Income	15,874	3,764	66,847	6,157	8,456	7,383	28,107	136,588
60.	- Total C&I	188,638	13,911	282,585	29,472	40,861	40,256	179,146	774,869
61.	- Total Other	12,000	-	-	-	-	-	-	12,000
62.	**Total Company Budget**	$ 318,806	$ 91,117	$ 611,109	$ 183,015	$ 82,321	$ 93,195	$ 270,188	$ 1,649,751

Notes:

1. Column [1] - Program design and internal administration and regulatory costs.
   Column [2] - Internal and third party marketing costs
   Column [3] - Customer/contractor rebates and facilities audits
   Column [4] - Third party management costs.
   Column [5] - Internal and third party evaluation costs
   Column [6] - Performance incentives
   Column [7] - Interest and Other
   Column [8] - Total
2. N/A
3. The Low-Income Program contains elements of Products & Services and Information & Education.
4. The estimated portion of the CEP program funds allocated for major renovation, failed equipment replacement and new construction.
5. Estimated costs associated with administrative activities and NEEP funding for all regional initiatives, including Premium Efficiency Motors, Unitary HVAC, Commercial O&M Practices, Compressed Air, Design Lites Consortium and Commercial Building Codes are included in the CEP budget.
6. Performance Incentives expected to be earned for EE activities in 2000 and 2001 but collected in 2002. Final Incentives have not been filed. For purposes of updating the 2002 budgets, estimated Performance Incentives from the Settlement in D.T.E. 98-48/49 were used.

Table 2

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 3: SUMMARY OF OUTSOURCED SERVICES - 2002

Ln. No.	Program / Initiatives	Program Planning & Administration	Program Marketing	Program Implementation	Evaluation & Market Research	Other	Total
	Residential (Non Low-Income)						
1.	- In-House Costs	$ 68,940	$ 11,181	$ -	$ 16,334	$ -	$ 96,455
2.	- Outsourced Costs	$ 33,354	$ 62,261	$ 147,386	$ 16,670	$ -	$ 259,671
3.	Total	$ 102,294	$ 73,442	$ 147,386	$ 33,004	$ -	$ 356,126
4.	- % of Program Activities Outsourced	33%	85%	100%	51%	0%	73%
5.	- % of Outsourced Activities Competitively Procured	100%	100%	100%	100%	0%	100%
	Low-Income Program (See Note)						
6.	- In-House Costs	$ 8,405	$ 2,628	$ -	$ 2,604	$ -	$ 13,637
7.	- Outsourced Costs	$ 7,470	$ 1,136	$ 6,157	$ 5,852	$ -	$ 20,615
8.	Total	$ 15,874	$ 3,764	$ 6,157	$ 8,456	$ -	$ 34,251
9.	- % of Program Activities Outsourced	47%	30%	100%	69%	0%	60%
10.	- % of Outsourced Activities Competitively Procured	50%	0%	0%	100%	0%	47%
	Commercial & Industrial						
11.	- In-House Costs	$ 118,673	$ 11,829	$ -	$ 18,316	$ -	$ 148,818
12.	- Outsourced Costs	$ 69,966	$ 2,082	$ 29,472	$ 22,545	$ -	$ 124,065
13.	Total	$ 188,638	$ 13,911	$ 29,472	$ 40,861	$ -	$ 272,882
14.	- % of Program Activities Outsourced	37%	15%	100%	55%	0%	45%
15.	- % of Outsourced Activities Competitively Procured	100%	100%	100%	100%	0%	100%
	Total Company						
16.	- In-House Costs	$ 196,017	$ 25,638	$ -	$ 37,254	$ -	$ 258,909
17.	- Outsourced Costs	$ 110,789	$ 65,479	$ 183,015	$ 45,067	$ -	$ 404,350
18.	Total	$ 306,806	$ 91,117	$ 183,015	$ 82,321	$ -	$ 663,259
19.	- % of Program Activities Outsourced	36%	72%	100%	55%	0%	61%
20.	- % of Outsourced Activities Competitively Procured	97%	98%	97%	100%	0%	97%

Note: Program services for the Low-Income program are provided by the Montachussetts Opportunity Council (MOC), the WAP agency operating in FG&E's service territory. FG&E contracted with MOC in compliance with the Restructuring Act of 1997.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
APRIL 2002 BUDGET UPDATE
TABLE 4: ALLOCATION OF LOW-INCOME PROGRAM BUDGETS - BY SECTOR - 2002

Ln. No.		Residential [incl. Low-Income]	Commercial & Industrial	Total
1	Forecast MWh Sales - Current Year	163,637	370,608	534,245
2	Percent of Sales - by Sector	30.6%	69.4%	100.0%
3				
4	EE Revenues - Current Year @ $0.00250 / kWh			$ 1,335,611
5				
6	Total EE Budget - Current Year (Ln 4 + Ln 5)			$ 1,335,611
7	Total Low-Income Budget - Current Year @ $0.00025 / kWh			$ 133,561
8				
9	Total EE Budget - by Sector	$ 409,092	$ 926,519	$ 1,335,611
10	Percent of Total Budget - by Sector	30.6%	69.4%	100.0%
11				
12	Contribution by Sector to Low-Income Budget Fund			
13	- Forecast MWh Sales - Current Year	163,637	370,608	534,245
14	- Percent of Sales - by Sector	30.6%	69.4%	100.0%
15				
16	Low-Income Budget above Proportional Allocation			
17	- Total Low-Income Budget - Current Year @ $0.00025 / kWh			$ 133,561
18	- Low-Income MWh @ $0.00250 / kWh			$ 87,955
19	- Low-Income Funding Above Proportional Allocation			$ 45,606
20				
21	- Percent Contribution - by Sector	30.6%	69.4%	100.0%
22	- Dollar Contribution - by Sector	13,969	31,637	45,606

Attachment I

Fitchburg Gas and Electric Light Company

Docket DTE 94-48/49

Final 2002 Energy Efficiency Program Budget – April 2002 Update
Summary of Changes from the Nov. 1 Update

1. Energy Efficiency Fund Balance:

Actual program results, including revenues and costs, have been updated through December 31, 2001. Table A below summarize the changes in fund balance by sector.

TABLE A
Energy Efficiency Program Fund Balance
Program Year 2002

Line No.		Original Fcst 2/9/01 EE Plan	Updated Fcst 4/22/02 Update	Variance Col. (b) - (a)
		(a)	(b)	(c)
Residential Non-Low Income				
1.	Beginning Balance (1/1/02)	$204,954	$401,774	$196,820
2.	EE Revenue	$353,670	$336,520	($17,150)
3.	Total Sector Revenue	$558,624	$738,294	$179,670
4.	Performance Incentive	$18,300	$120,650	$102,350
5.	Program Costs	$549,618	$629,802	$80,184
6.	Total Costs	$567,918	$750,452	$182,534
7.	Yr-End Over/(Under-Recovery)	($9,294)	($12,158)	($2,864)
8.	Interest on Balance	$9,294	$12,158	$2,864
9.	Ending Balance (12/31/02)	$0	$0	$0
Residential Low-Income				
10.	Beginning Balance (1/1/02)	$22,902	$3,027	($19,875)
11.	EE Revenue	$130,073	$133,561	$3,488
12.	Total Sector Revenue	$152,975	$136,588	($16,387)
13.	Performance Incentive	$11,263	$35,199	$23,936
14.	Program Costs	$142,751	$101,098	($41,653)
15.	Total Costs	$154,014	$136,297	($17,717)
16.	Yr-End Over/(Under-Recovery)	($1,039)	$291	$1,331
17.	Interest on Balance	$1,039	($291)	($1,330)
18.	Ending Balance (12/31/02)	$0	$0	$1
Commercial and Industrial				
19.	Beginning Balance (1/1/02)	$199,799	($90,661)	($290,460)
20.	EE Revenue	$816,987	$865,530	$48,543
21.	Total Sector Revenue	$1,016,786	$774,869	($241,917)
22.	Performance Incentive	$75,925	$214,594	$138,669
23.	Program Costs	$949,920	$555,467	($394,453)
24.	Total Costs	$1,025,845	$770,061	($255,784)
25.	Yr-End Over/(Under-Recovery)	($9,060)	$4,808	$13,868
26.	Interest on Balance	$9,060	($4,808)	($13,868)
27.	Ending Balance (12/31/02)	$0	$0	$0

Attachment I

TABLE A
Energy Efficiency Program Fund Balance
Program Year 2002
(cont.)

NOTES:

Ln 1. Beginning Balance 1/1/02 – Variance due to:
a) Final year-end carry-forward as of 12/31/00 was approx. $61k higher than projected in the 2/9/01 filing (2000 actual expenses were lower than projected);
b) Actual 2001 Program Costs were under-budget by approx. $86k. The Res Trade-In Program, which received approval too late (8/01) for effective implementation in 2001, accounted for the majority of the variance.

Ln 2. Projected 2002 EE Revenue: Variance due to updated load forecast

Ln 4. Projected 2002 Performance Incentive: In FG&E's 2/9/01 filing, this value was shown for 2002 only; in the 4/22 Update, this value includes recovery for 2000 and 2001 Performance Incentives, in addition to 2002.

Ln 5. Projected 2002 Program Budgets: Updated to reflect revised 2002 assumptions.

Ln 10. Beginning Balance 1/1/02 – Variance due to:
a) Final year-end carry-forward as of 12/31/00 was approx. $32k lower than projected in the 2/9/01 filing (2000 expenses were higher than expected. $49k was reversed in 2001 for a booking error that occurred in 2000);
b) Actual 2001 Program Costs were under-budget by approx. $75k – the majority of which is accounted for by a reversal of approx. $49k to correct a booking error that occurred in 2000.

Ln 11. Projected 2002 EE Revenue: Variance due to updated load forecast

Ln 13. Projected 2002 Performance Incentive: In FG&E's 2/9/01 filing, this value was shown for 2002 only; in the 4/22 Update, this value includes recovery for 2000 and 2001 Performance Incentives, in addition to 2002.

Ln 14. Projected 2002 Program Budgets: Updated to reflect revised 2002 assumptions.

Ln 19. Beginning Balance 1/1/02 – Variance due to:
a) Final year-end carry-forward as of 12/31/00 was approx. $126k lower than projected (2000 expenses were higher than projected in the 2/9/01 filing);
b) Actual 2001 Program Costs were under-budget by approx. $35k (in total).; and
c) Actual 2001 EE Revenue were lower than projected by $135k due to lower C&I sales.

Ln 20. Projected 2002 EE Revenue: Variance due to updated load forecast

Ln 22. Projected 2002 Performance Incentive: In FG&E's 2/9/01 filing, this value was shown for 2002 only; in the 4/22 Update, this value includes recovery for 2000 and 2001 Performance Incentives, in addition to 2002.

Ln 23. Projected 2002 Program Budgets: Updated to reflect revised 2002 assumptions.

2. Program Budgets revised for FG&E's Updated 2002 Evaluation Plan:

On December 21, 2001, the DOER and D.T.E. requested that Massachusetts electric utilities summarize current and planned evaluation activities. FG&E provided the requested information on January 11, 2002. On March 1, 2002, in response to the Non-Utility Parties comments on its January 11, 2002 submittal, the Company provided an updated evaluation plan which included evaluation budgets by program and sector for 2002. The updated evaluation budgets have been incorporated into the Company's Final 2002 Energy Efficiency Program budget provided herein.

Attachment I

3. **Program Budgets updated to include Revised 2002 Performance Incentives calculated using the "placeholder" rate of 4.5%:**

The Utility and Non-Utility Parties have agreed to re-examine the Utility Performance Incentive mechanism for 2002, and consider other ideas/mechanisms for the upcoming 2003-2007 period. As part of the discussions, the Parties have agreed that the Utilities should use a "placeholder" rate of 4.5% (after tax) to estimate 2002 Performance Incentives for budget purposes. FG&E's Final 2002 Energy Efficiency Program Budget includes re-calculation of the Performance Incentive based on the 4.5% "placeholder" rate.

ATTACHMENT 3

FG&E 2002 PROPOSED PERFORMANCE GOALS

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

TABLE 5: 2002 Performance Metrics

"Before Tax" Incentive Dollars

Program / Initiative	Performance Metric Description	Threshold		Design		Exemplary	
RESIDENTIAL NON-LOW INCOME		UNITS	DOLLARS	UNITS	DOLLARS	UNITS	DOLLARS
ENERGY STAR HOMES:	**ENERGY STAR HOMES 1**: Develop an updated program design and supporting program plan document.	By 8/1/02, complete design & MT plan update.	$ 2,137	By 12/31/02, provide summary of actions (modify program documents, etc.)	$ 2,849	By 12/31/02, provide summary of actions (prepare scope(s) of work)	$ 3,561
	ENERGY STAR HOMES 2: Increase the number of Energy Star products installed in Energy Star Homes.	Average 12 "points"	$ 2,137	Average 14 "points"	$ 2,849	Average 16 "points"	$ 3,561
	ENERGY STAR HOMES 3: Achieve consensus on data collection, analysis activities, and reporting recommendations from the program MPER Plan and implement.	By 6/30/02, provide consensus scope of work	$ 1,424	By 12/31/02, provide copy of signed contract(s)	$ 1,899	By 12/31/02, provide copy of MPR	$ 2,374
	ENERGY STAR HOMES 4: Develop and implement a pilot effort in at least two Massachusetts communities designed to 1) increase residential new construction energy code compliance rates, 2) demonstrate the value of home energy ratings (HERS) as a code compliance vehicle to builders and community officials, and 3) expand the pool of energy rating providers.	Draft & present pilot plan to 2 MA communities	$ 1,424	Finalize pilot plan	$ 1,899	Do tasks described	$ 2,374
			$ 7,122		$ 9,496		$ 11,870
ENERGY STAR LIGHTING	**E-STAR LIGHTING 1**: Participate in the development and implementation of Industry Initiated Promotions for Energy Star residential lighting. "ITP" - Invitation to Participate "IIP" - Industry Initiated Promotion	Copy of ITP and distribution list	$ 1,531	Copy of IIP and strategy documents	$ 2,041	Copy of report	$ 2,551
	E-STAR LIGHTING 2: Develop and implement a program transition strategy for small and independent retailers.	Solicit input / Document findings	$ 1,149	Develop and implement strategy	$ 1,532	Initiate campaign(s)	$ 1,915
	E-STAR LIGHTING 3: Achieve consensus on data collection, analysis activities, and reporting recommendations from the program MPER plan and implement.	By 6/30/02, provide consensus scope of work	$ 767	By 12/31/02, provide copy of signed contract(s)	$ 1,023	By 12/31/02, provide copy of MPR	$ 1,279
	E-STAR LIGHTING 4: Develop an updated program design and plan document.	N/A	$ -	By 12/31/02, complete design & MT plan update.	$ 1,532	Achieve Design Level for ES Lighting 1, 2, 3 and 4	$ 1,915
			$ 3,447		$ 6,128		$ 7,660
ENERGY STAR APPLIANCES:	**E-STAR APPLIANCE 1**: Participate in the development and implementation of Industry Initiated Promotions for Energy Star residential appliance. "ITP" - Invitation to Participate "IIP" - Industry Initiated Promotion	Copy of ITP and distribution list	$ 949	Copy of IIP and strategy documents	$ 1,265	Copy of report	$ 1,581
	E-STAR APPLIANCE 2: Develop and implement a program transition strategy for small and independent retailers.	Solicit input / Document findings	$ 474	Develop and implement strategy	$ 632	Initiate campaign(s)	$ 790
	E-STAR APPLIANCE 3: Retain Clothes Washer Market Share.	18% Market Share	$ 949	Retain 2001 Market Share	$ 1,265	22% Market Share	$ 1,581
	E-STAR APPLIANCE 4: Achieve consensus on data collection, analysis activities, and reporting recommendations from the program MPER plan and implement.	By 6/30/02, provide consensus scope of work	$ 945	By 12/31/02, provide copy of signed contract(s)	$ 1,260	By 12/31/02, provide copy of MPR	$ 1,575
			$ 3,317		$ 4,422		$ 5,528

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

TABLE 5: 2002 Performance Metrics

"Before Tax" Incentive Dollars

Program / Initiative	Performance Metric Description	Threshold		Design		Exemplary	
RESIDENTIAL NON-LOW INCOME (CONT.)		**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**
RESIDENTIAL CONSERVATION SERVICE:	**RCS 1**: Establish an effective Tier One service.	Memo Describing System	$ 1,651	By 7/1/02, provide demon-stration of Tier 1 System	$ 2,202	Memo stating results	$ 2,752
	RCS 2: Number (or percentages) of home energy assessments (HEA) that have at least one major measure (not including clock thermostats) installed as a result of the HEA. A gas DSM measure may be counted if a PA's vendor motivates the customer to upgrade to the measure.	7.5%	$ 1,651	10.0%	$ 2,202	12.5%	$ 2,752
	RCS 3: Develop plan to move RCS products and services toward a competitive market.	n/a	$ -	Write Memo discussing changes to the program to increase competition.	$ 1,101	Write Action Plan to implement changes	$ 1,376
			$ 3,302		$ 5,504		$ 6,880
RESIDENTIAL EFFICIENCY PROGRAM:	**REP 1**: Achieve X annual kWh of energy savings from REP installed measures.	116,000 Annual kWh	$ 6,409	155,000 Annual kWh	$ 8,545	194,000 Annual kWh	$ 10,681
			$ 6,409		$ 8,545		$ 10,681
RESIDENTIAL ENERGY STAR TRADE-IN:	**TRADE-IN 1**: Remove X halogen torchieres and replace with ES-qualified torchieres	313 Units Removed	$ 2,589	417 Units Removed	$ 3,452	521 Units Removed	$ 4,315
	TRADE-IN 2: Remove X existing room A/Cs and replace with ES-qualified A/C units.	220 Units Removed	$ 2,589	294 Units Removed	$ 3,452	367 Units Removed	$ 4,315
			$ 5,178		$ 6,904		$ 8,630
EFFICIENCT PROGRAM DELIVERY -- RESIDENTIAL	**EFFICIENT PROGRAM DELIVERY**: Actual kWh saved per residential non-LI dollar spent vs. planned kWh saved per dollar spent.	11 kWh / $ spent	$ 3,417	14.5 kWh / $ spent	$ 4,556	18 kWh / $ spent	$ 5,695
			$ 3,417		$ 4,556		$ 5,695
OTHER RESIDENTIAL							
EE WEBSITE	n/a	n/a	$ -	n/a	$ -	n/a	$ -
COLLABORATIVE FUNDING -- RESIDENTIAL	n/a	n/a	$ -	n/a	$ -	n/a	$ -
			$ -		$ -		$ -
SUBTOTAL: RESIDENTIAL NON-LOW INCOME			**$ 32,192**		**$ 45,555**		**$ 56,944**

RESIDENTIAL LOW-INCOME		**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**
LOW-INCOME:	**LOW-INCOME 1**: Support LEAN outreach effort to eligible customers not participating in low income energy efficiency programs.	Participate in working group	$ 2,769	Accomplish 1 action	$ 3,692	Accomplish 2 actions	$ 4,614
	LOW-INCOME 2: Support LEAN efforts to develop consistency of program delivery, measures, training, and savings and planning assumptions across the state.	Develop RFP for independent evaluation	$ 2,769	Hire, negotiate & assist contractor	$ 3,692	Develop "best practices" & provide written recommendations	$ 4,614
SUBTOTAL: LOW INCOME			**$ 5,537**		**$ 7,383**		**$ 9,229**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

TABLE 5: 2002 Performance Metrics

"Before Tax" Incentive Dollars

Program / Initiative	Performance Metric Description	Threshold		Design		Exemplary	
COMMERCIAL & INDUSTRIAL		**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**
SMALL COMMERCIAL & INDUSTRIAL:	**SMALL C&I 1**: Pre-approve X kWh of energy savings from retrofit and/or lost opportunity projects.	98,000 Annual kWh	$ 4,239	131,000 Annual kWh	$ 5,653	164,000 Annual kWh	$ 7,066
			$ 4,239		$ 5,653		$ 7,066
COMPREHENSIVE EFFICIENCY:	**CEP 1**: Pre-approve X kWh of energy savings from retrofit and/or lost opportunity projects.	1,223,000 Annual kWh	$ 20,298	1,630,000 Annual kWh	$ 27,065	2,038,000 Annual kWh	$ 33,831
			$ 20,298		$ 27,065		$ 33,831
MOTOR-UP:	**MOTORS 1**: Number of MotorUp presentations to gatherings of customers sponsored by motor vendors. Dual metric, utility must meet or exceed **both**: (1) number of total presentation; and (2) number of total distinct customers attending.	MECO 5/20 NSTAR 5/20 WMECO 1/4 FG&E N/A	$ -	MECO 6/24 NSTAR 6/24 WMECO 2/8 FG&E 1/4	$ 581	MECO 7/28 NSTAR 7/28 WMECO 3/12 FG&E 1/6	$ 727
	MOTORS 2: Statewide. Investigate, plan and complete a redesign of the MotorUp program, and prepare for deployment in 2003.	Complete steps 1 and 2	$ 436	Complete steps 1, 2 and 3	$ 581	Complete steps 1, 2, 3 and 4	$ 727
			$ 436		$ 1,163		$ 1,453
UNITARY HVAC EFFICIENCY:	**UNITARY HVAC 1**: Statewide. Provide a total of X rebates for units meeting CEE's Tier II standard through the Cool Choice C&I Unitary HVAC Efficiency Initiative form or an in-house utility program.	450 Rebates	$ 374	600 Rebates	$ 498	750 Rebates	$ 623
	UNITARY HVAC 2: Statewide. Provide dual enthalpy economizer rebates through the Cool Choice C&I Unitary HVAC Efficiency Initiative form for X% of the total rebated statewide Cool Choice qualifying HVAC units (Tier I or Tier II) through the Cool Choice C&I Unitary HVAC Efficiency Initiative form or an in-house utility program.	3.5% of Total Rebated	$ 374	5.0% of Total Rebated	$ 498	6.5% of Total Rebated	$ 623
			$ 747		$ 997		$ 1,246
DESIGN LIGHTS:	**DESIGN LIGHTS 1**: Statewide, recruit X lighting distributors/ suppliers/ manufacturer's reps to "partner"' with DLC in promoting high quality, energy efficient lighting design.	1 Partner	$ 872	2 Partners	$ 1,163	3 Partners	$ 1,453
			$ 872		$ 1,163		$ 1,453
OPERATIONS AND MAINTENANCE TRAINING AND CERTIFICATION:	**O&M 1**: Statewide: In 2002, assure that X building engineers, technicians, contractors or operators who are involved in operation and maintenance of a facility in Massachusetts are enrolled in the course work for the NEEP (Level 1)-operated operations and maintenance training and certification program. Certification of these individuals in 2002 is not required.	TOTAL - 47 MECO - 17 NStar - 17 WMECO - 4 FG&E - 0	$ 199	TOTAL - 63 MECO - 23 NStar - 23 WMECO - 5 FG&E - 1	$ 266	TOTAL - 78 MECO - 28 NStar - 28 WMECO - 6 FG&E - 1	$ 332
	MANAGEMENT AWARENESS: Statewide. Presentations, training or other outreach on the benefits of energy efficiency as a business "profit center" to groups of procurement managers, financial managers, property managers, senior facility managers or other personnel who make executive funding decision regarding organizing, staffing, and funding for facility efficiency.	2 Introductory Presentations	$ 199	2 Enhanced Presentations	$ 266	3 Enhanced Presentations	$ 332
			$ 399		$ 531		$ 664
COMPRESSED AIR:	**COMPRESSED AIR 1**: Recruit at least X compressed air system (or vacuum system) operators or facility engineers with compressed air responsibility at industrial plants or large institutional facilities to attend Compressed Air Challange "Fundementals Level 1" training which occurs in 2002.	MECO - 25 NStar - 25 WMECO - 8 FG&E - 0	$ 125	MECO - 33 NStar - 33 WMECO - 11 FG&E - 0	$ 166	MECO - 45 NStar - 41 WMECO - 15 FG&E - 1	$ 208
	COMPRESSED AIR 2: Statewide, recruit at least X personnel who work in Massachusetts for vendors, contractors or consultants to attend Airmaster training.	13	$ 125	17	$ 166	21	$ 208
			$ 249		$ 332		$ 415
EFFICIENCT PROGRAM DELIVERY -- C&I	**EFFICIENT PROGRAM DELIVERY**: Actual kWh saved per C&I dollar spent vs. planned kWh per dollar spent.	43 kWh / $ spent	$ 3,075	53 kWh / $ spent	$ 4,100	66 kWh / $ spent	$ 5,125
			$ 3,075		$ 4,100		$ 5,125

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

TABLE 5: 2002 Performance Metrics

"Before Tax" Incentive Dollars

Program / Initiative	Performance Metric Description	Threshold		Design		Exemplary	
COMMERCIAL & INDUSTRIAL (CONT.)		**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**	**UNITS**	**DOLLARS**
OTHER C&I							
COLLABORATIVE FUNDING -- C&I	n/a	n/a	$ -	n/a	$ -	n/a	$ -
			$ -		$ -		$ -
SUBTOTAL: COMMERCIAL & INDUSTRIAL			**$ 30,316**		**$ 41,003**		**$ 51,254**
GRAND TOTAL			**$ 68,045**		**$ 93,941**		**$ 117,426**

	"Placeholder" Rate
PERFORMANCE INCENTIVE RATE -- BEFORE TAX:	4.50%
FG&E'S EFFECTIVE TAX RATE:	38.38%
PERFORMANCE INCENTIVE RATE -- AFTER TAX:	7.30%
TARGET DESIGN:	$ 93,941

ATTACHMENT 4

FG&E FINAL 2002 ELECTRIC EVALUATION PLAN

Updated – March 1, 2002

Fitchburg Gas and Electric Light Company
2002 Evaluation Plans

On December 21, 2001, the Massachusetts Department of Telecommunications and Energy (DTE) and Division of Energy Resources (DOER) issued a letter providing Massachusetts electric utilities guidance for conducting evaluations of energy efficiency and market transformation programs. In addition, the DTE/DOER requested the utilities to provide a summary of both current evaluation activities and evaluation plans for 2002.

Evaluation Activities:

FG&E has conducted and participated in several energy efficiency and market transformation studies in recent years. During 2002, the Company will continue to participate in joint evaluation activities wherever possible so as to maximize its evaluation budget. FG&E also plans to conduct independent process and/or impact studies on certain, company-specific programs. In addition, the Company will continue to participate in, or support other evaluation activity required to achieve performance metrics, meet regulatory requirements, or support other state or regional efforts.

Because of its small size, FG&E's support must be tempered by its need to provides its customers with cost-effective energy efficiency programs with limited resources. It is also hampered by the fact that its small customer base may limit the statistical reliability of some types of studies. As it has in the past, FG&E continues to support joint activity where possible, and utilize data provided from studies conducted by other utilities in the region to assess the effectiveness of its own energy efficiency programs.

Evaluation activities for 1999 through 2002 are provided in Table 1 below. In addition to these activities, FG&E is willing to consider other joint utility evaluation studies.

Evaluation Budgets:

Budgets for FG&E's 2002 energy efficiency programs were filed with the DTE, DOER and Settling Parties in DTE 98-48/49 on November 1, 2001 and included actual program data for 2001 through September 2001. Budgets provided in this submittal have been updated to include final program costs, interest and carry-over through December 31, 2001. As shown in Table 2, FG&E's proposed evaluation budget of approximately $73,000 is over 4% of its Total EE Fund of $1.65 million.

Table 1 – Evaluation Activities

Program / Initiative	1999	2000	2001	2002
Residential				
Energy Star Homes	- Market and Program Process Report - Market Transformation Plan - Market Characterization and Baseline Study		- Multi-Year Program Evaluation and Market Progress Report (MPER)	- Joint-utility implementation of selected MPER-recommended studies. These studies will be prioritized so as to maximize available resources.
Residential Efficiency				- Assess program activities through 2001
ECS / RCS	- Program Redesign	- Program Redesign	- Program Redesign	- Participate in, and support, DOER efforts to evaluate the redesigned program
Residential Lighting Initiative	- Market Progress Report - Market Transformation Plan		- Multi-Year Program Evaluation and Market Progress Report (MPER)	- Joint-utility implementation of selected MPER-recommended studies. These studies will be prioritized so as to maximize available resources.
Energy Star Appliances	- Market Progress Report - Clothes Washer Market Assessment	- Regional Market Transformation Plan	- Multi-Year Program Evaluation and Market Progress Report - EnergyStar Awareness Study (CEE)	- Joint-utility implementation of selected MPER-recommended studies. These studies will be prioritized so as to maximize available resources.
Torchiere & Room A/C Trade-In			- Track number of products	- Track number of products

Updated – March 1, 2002

Table 1 – Evaluation Activities

Program / Initiative	1999	2000	2001	2002
Electric Low-Income			- Process and Impact Study – Phase I and II completed	- Process and Impact Study – complete Phase III - Conduct activities necessary to support LEAN's efforts to evaluate this program
Education / Website				- Assess program satisfaction and value
Building Codes / R&D				- No activity planned
C&I				
Small C&I Program				- Conduct Process and Impact Study
Comprehensive Efficiency	- Monitoring and Evaluation Study (1995-1997)			- No activity planned
Motors Up	- Market Baseline/ Transformation Assessment		- Regional Evaluation	- No activity planned
HVAC	- Market Transformation and Progress Report	- Regional Evaluation		- No activity planned
DesignLites		- Market Transformation and Progress Report		- No activity planned
Compressed Air	- Market Transformation and Progress Report			- No activity planned
O&M	- O&M Market Segment Baseline Study			- Regional evaluation of Building Operator Certification (BOC) Program

Updated – March 1, 2002

Table 2: FG&E's 2002 Evaluation Budget
March 1, 2002 [1]

	Sector / Program	Evaluation Budget
	Residential Non-Low Income	
1.	Res. Efficiency / RCS	$ 10,500
2.	Residential Lighting	6,500
3.	Res. Trade-In	3,100
4.	Energy Star Appliance	6,500
5.	Energy Star Homes	6,500
6.	*Total*	$ $33,100
	Residential Non-Low Income	
7.	Low-Income	$ 8,500
8.	*Total*	$ 8,500
	Commercial & Industrial	
9.	Small C&I	$ 13,000
10.	Comprehensive Efficiency	5,400
11.	Design Lites	2,500
12.	Motors Up	2,500
13.	HVAC	1,500
14.	O&M Training	$ 6,000
15.	*Total*	$30,900
16.	Total Evaluation Budget[2]	$ 72,500
17.	Total Program Budget[3]	$ 1,275,900
18.	Percent	5.7%
19.	Total EE Funds[4]	$ 1,649,800
20.	Percent	4.4%

[1] FG&E's M&E budgets, Total Program budgets and Total EE Funds have been updated to reflect final program costs, interest, and carry-over from 2001. Data provided to the DOER on 2/14/02 was based on 2001 data which contained 3 months (October – December) of estimates.

[2] Total Evaluation Budget includes costs associated with energy efficiency evaluation activities including costs related to cost-effectiveness research (impact evaluation), market research (market assessment, baseline studies, etc.), process evaluations, and other costs clearly associated with evaluating programs. Do NOT include non-program related research costs or DSM collaborative costs (these should be categorized as "Other" for energy efficiency plan and annual reporting purposes).

[3] Total Program Budget includes Program Planning and Administration (PP&A) costs, Marketing costs, Program Implementation costs, and Customer Incentives.

[4] Total EE Funds are defined as DSM revenue collected through the EE wires charge plus any carry-over and interest from previous year.

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