

# **Conservation and Load Management Portfolio Plan**

**Submitted jointly by:  
The Connecticut Light and  
Power Company  
and  
The United Illuminating  
Company**

**Docket 06-10-02**

**First Supplemental Filing**

**December 21, 2006**



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## **CHAPTER ONE: EXECUTIVE SUMMARY**

### **Background**

On October 2, 2006, in accordance with Connecticut General Statutes § 16-245m, The Connecticut Light and Power Company (“CL&P”) and The United Illuminating Company (“UI”) (together referred to as the “Companies”), filed<sup>1</sup> with the Department of Public Utility Control (“DPUC”), a comprehensive Conservation & Load Management (“C&LM”) plan (“Plan”) for 2007 for the implementation of cost-effective energy efficiency programs and market transformation initiatives. As noted in that October 2, 2006 filing, the proposed Plan would be provided in two phases. First, the Companies filed the proposed 2007 Connecticut Energy Efficiency Fund (“CEEF”) programs and Energy Independence Act (“EIA”) near-term measures (previously approved under Docket No. 05-07-14PH01) in the initial October 2, 2006 filing. Second, the Companies would submit two scenarios as supplements to the initial Plan (the first scenario is included herein), describing additional demand resources and initiatives funded with other potential funding sources, such as the Forward Capacity Market (“FCM”), additional EIA efforts, Class III Renewable Credits, and the Regional Greenhouse Gas Initiative (RGGI). This supplement provides the first of two expanded 2007 scenarios. This first scenario is for 2007 and is based on full CEEF funding that would be available if the State assumes the repayment of the bonds currently being repaid through diversions of CEEF funding, plus additional FCM Transition Period payments in 2007. The second scenario, anticipated to be filed with the Department in January 2007, covering 2007-2010, will provide a high level multi-year plan for achieving zero peak load growth in Connecticut by 2010. The Energy Conservation Management Board (“ECMB”) recommends that the DPUC review both the initial October 2, 2006 filing and the supplements (together the “Portfolio Plan”) in one integrated docket.

### **Overview**

The Companies and the ECMB recommend that the 2007 Plan combine the Fund, the EIA demand resource initiatives, and demand resources funded by other potential funding sources such as the FCM into a coordinated, integrated effort. Integration of these efforts is represented by the 2007 Portfolio Plan for C&LM and other demand resources for Connecticut. The Portfolio Plan (through its scenarios) also considers and refers to the Connecticut Energy Advisory Board’s Energy Plan and proposed energy and demand reduction goals for Connecticut.

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<sup>1</sup> Docket 06-10-02

The Companies and the ECMB believe it is essential to have a coordinated, integrated effort, represented in one Portfolio Plan for 2007. Doing so will maximize the effectiveness of the CEEF programs and other initiatives, reduce customer and vendor confusion in the marketplace resulting from multiple offerings, increase customer and vendor participation in the programs and initiatives, and ensure efficiency in program focus and delivery.

The Companies and the ECMB also strongly recommend that the Department review the various programs and initiatives in one integrated docket. This simultaneous review of the programs and initiatives would increase the understanding of the various efforts, help ensure the integration and efficiency of program delivery, and reduce any disconnect or concerns that may arise if the programs were reviewed in separate dockets.

The Companies and the ECMB considered, and are evaluating, two separate expanded program concepts; Scenario 1, which is included herein, and Scenario 2, which will be submitted to the Department in January 2007. The Scenario 1 concepts, included in this supplemental filing, are largely “enhancements” to the currently proposed 2007 programs that could be easily and quickly implemented once additional funds become available. The Scenario 1 enhancements are based on the following premises and guidelines:

- The 2007 Plan already addresses many load reduction and high-energy-performance program changes that provide the foundation for the recommended Scenario 1 program enhancements. These include:
  - The launch of a comprehensive and aggressive Connecticut Home Energy Solutions (CT HES) program that pursues all energy-saving opportunities in residences.
  - Ratcheting-up of the performance levels for Residential Retail Products and New Construction.
  - Major enhancements to Energy Conscious Blueprint (ECB) including an aggressive high performance lighting strategy and related items extending well beyond code.
  - Explicit linkages of ECB to EPACT 2005 tax incentives, LEED, High Performance Schools and other allied initiatives.
  - Transference of ECB high performance concepts to Energy Opportunities (EO) /retrofit initiatives.
  - Upgrading of the EO incentive structure to better encourage comprehensive energy efficiency solutions for businesses.
  - An accelerated chiller replacement initiative.
  - Commitment to develop a comprehensive Operations and Maintenance (O&M) strategy in 2007 that would address energy management

behavioral issues and that would be better integrated with ECB, EO and Small Business Energy Advantage (SBEA).

- A strategy for overcoming the building code compliance gap through more effective recruitment into ECB.
  - Exploration of opportunities to coordinate high, energy efficiency performance for projects and renewable energy technologies in the residential, commercial and industrial sectors
- Scenario 1 program concepts build on the 2007 Plan's high performance initiatives and provide more immediate demand reduction through: a) more aggressive marketing and outreach to recruit more residential, commercial, industrial, institutional and non-profit customers, especially those who have been under-participating; b) training and education to raise the skill level of the allied construction and service industry; c) increased project comprehensiveness to achieve deeper demand and energy savings; and, d) incentive adjustments, where appropriate, to accelerate program participation and the acceptance of high performance technologies/designs.
  - Scenario 1 is also designed to provide a framework for the transition from the 2007 C&LM Plan to Scenario 2 – Zero Peak Load Growth. However, the longer-term concepts for sustainable energy use in Connecticut's residential, business and industrial sectors will be addressed in Scenario 2 since that scenario employs a multi-year approach.

### **Forward Capacity Market**

2006 brought sweeping changes to the structure of the energy markets in New England. The ISO-NE proposal for a Locational Installed Capacity Market (LICAP) as of part of the structure of the energy markets was abandoned. The ISO proposal was replaced with a negotiated settlement to design an alternate capacity market. The resulting settlement agreement created the new Forward Capacity Market (FCM).

The new FCM features a 3 year Transition Period (December 2006 through May 2010) where all eligible capacity receives a predetermined capacity payment. The full FCM takes effect in June 2010 and features a declining clock auction for capacity. To allow new capacity adequate time to come on line, the bidding process for that capacity will take place 3 years prior to the year in which the capacity is delivered. The settlement agreement included a provision that demand resources be considered eligible capacity and be fully integrated in the FCM.

The inclusion of demand resources in the capacity markets requires market rules to implement that concept. ISO-NE convened a stakeholder process to develop both Transition Period and FCM rules for what were labeled, to avoid confusion with the Real Time Demand Response Program, as “Other Demand Resources” (ODRs) for the Transition Period.<sup>2</sup> ODRs include energy efficiency, load management, demand response and distributed generation. ISO-NE is currently in the process of obtaining the necessary approvals and developing the tracking systems to implement the Transition Period rules.

The FCM has become another potential source of funding for CEEF programs. The Companies will be able to enroll all current energy efficiency savings approved by the Department into the Transition Period and receive transition capacity payments.<sup>3</sup> It may also be possible to get payments for energy efficiency savings from the FCM in future years (2010 and later). The process of registering the savings in the capacity markets is not a simple one and the new revenue may be somewhat offset by increased participation costs. The tracking and reporting requirements from ISO will likely require additional staffing resources to track and report the data and revenue. Although ISO will accept state approved Measurement and Verification (M&V) plans for the Transition Period, there is an effort underway to develop M&V standards for the FCM, which would be used by ISO to approve M&V for demand resources in the FCM. The implementation of ISO M&V standards may lead to increased program evaluation costs.

Both CL&P and UI have recently registered with ISO-NE to receive capacity payments during the Transition Period for ODR’s installed after July 16, 2006. As shown on Table 1, preliminary estimates indicate that approximately \$1,250,000 may be available from this revenue stream in 2007 to support the Scenario 1 program enhancements.

There is one feature of the FCM that may create a challenge for the Companies to implement. The suppliers in the FCM bid for capacity to be delivered 3 years in the future. The successful bidders are required to provide financial assurance to ISO to insure that they delivered the capacity specified in the bid. The Companies would be required to provide financial assurance for the capacity from the CEEF fund 2-3 years before the year in which the companies actually deliver the resources. If the CEEF fund were redirected, or if the Department rendered a decision that impacted the capacity the Companies delivered, the Companies would lose all or part of their financial assurance.

These monumental changes in the market structure for energy in New England will have an impact on how CEEF programs are planned and implemented in the future. The

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<sup>2</sup> They are labeled “Demand Resources” for the FCM.

<sup>3</sup> The ISO load response program resources are registered with ISO and therefore are automatically enrolled in the Transition Period.

Companies look forward to working with the Department to implement these changes in a way that provides the greatest benefits to our customers.

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## **CHAPTER TWO: SCENARIO ONE – Allocation of Additional Funding in 2007**

### **Anticipated Funding Sources**

#### *State Assumption of Rate Reduction Bond Payments*

The enabling act that created the Connecticut Energy Efficiency Fund (CEEF) established a 3 mil/kWh charge on customers' electric bills, the proceeds of which were to be used for energy efficiency efforts. Historically, the amount available for programs was approximately \$89 million annually. In 2003, the legislature enacted legislation that resulted in the funding available for conservation being reduced to approximately 2 mils/kWh, resulting in a reduction of available funds to approximately \$60 million annually.

The level of understanding of the importance of the CEEF programs has increased in recent years. There has been an increased interest in restoring the CEEF to its full level of funding. This scenario assumes that the state assumes repayment of the bonds, and therefore the money currently being used to pay and service the bonds is allocated back to the fund.

#### *Forward Capacity Market Transition Period*

Another source of funding anticipated in this scenario is the Forward Capacity Market (FCM) Transition Period Payments. As part of the settlement agreement creating the new FCM, the signatories agreed to include demand resources as eligible capacity in this new capacity market. Although the final FCM rules for integrating demand resources are still being developed and approved, the Transition Period rules have been approved by FERC, and therefore this scenario assumes that the CEEF receives the benefit of Transition Period payments for all of the demand reductions resulting from the programs.

#### *Proposed Allocation of RRB/FCM Funding*

Table 1 reflects the expected total budget resulting from these funds and Table A1 shows the proposed allocation of these funds across the CEEF programs. This budget was developed with input from the ECMB and ECMB consultants, and was approved by the ECMB on November 15, 2006

### **Program Changes and Expansions**

The program descriptions below highlight the improvements to the programs included in the original plan and the associated scenario 1 enhancements that will come from above additional funding.

## Residential

### **Connecticut Home Energy Solutions (CT HES)**

The current residential focus is on getting the new, big and complex CT HES program developed and implemented. While this is a significant undertaking, when fully functional, this program should be able to cost effectively use much of the residential allocation of additional funding. If the program starts slow and the timing of expenditures becomes an issue, funding could be shifted to, and used effectively for, lighting promotions.

There are more than 150,000 customers in CT that have electric heat and are being disproportionately impacted by increasing energy costs. Many of these customers have two or more room air conditioners. The Electric Heat component of the CT HES (EH-HES) program would involve targeting high-use electric heat customers and providing deep efficiency treatments. Ductless split system heat pumps would be a key measure and multi-family townhouses may be a key market segment. This program could start and focus in SWCT with an initial allocation of \$3 million dollars from the CT HES budget.

### **Retail Products, Lighting Product Promotions**

Negotiated Cooperative Promotions (NCPs) with manufacturers and retailers have proven to be a flexible and effective program mechanism. Expanding the size and scope of the existing NCP efforts may be the most direct and predictable way to increase efficiency investments and benefits. It is suggested that supplemental NCPs consider the R-Lamp product coming out of recent Pacific Northwest National Laboratory testing. R-lamps are reflector lamps that typically go in the ubiquitous recessed can lighting fixtures.

### **Residential New Construction**

The new Code plus “money-for-measures” program element should be able to ramp up if more funding were allocated here. A supplemental focus on new multifamily projects may be appropriate.

### **Low-Income**

Enhance the Low-Income programs to provide focused, more comprehensive program delivery to low-income customers statewide.

## Commercial and Industrial (C&I)

### **Energy Conscious Blueprint (ECB)**

The original filing includes increases to the marketing and outreach efforts to the development, A/E and contractor communities to ensure more effective participation in ECB with a particular emphasis on multiple-dipping opportunities; marketing of high performance/sustainable design concepts and development practices; and explicit linkages to LEED, Advanced Buildings initiatives, Getting to Fifty, EPACT 2005 tax credits, etc. It should be noted that ECB has been substantially upgraded under the original filing to better promote high performance technologies, designs and buildings so

as to move Connecticut commercial construction to well-beyond code. Therefore, no additional funding was required as part of this budget scenario.

### **Energy Opportunities (EO)**

Additional Scenario 1 resources would be used to develop enhanced marketing and outreach efforts to Connecticut businesses and their service providers to ensure more effective and broader participation in EO, especially under-participating markets. For example, aggressively market EO to specific customer segments with a tailored business case and sector-specific messaging (e.g., restaurants, hospitals, groceries, etc.). As part of the targeted marketing of EO, develop specific incentive packages to meet their specific needs. E.g., guest-room measure bundles for the hospitality industry, refrigeration management packages for the grocery market.

Consider increasing EO incentives beyond those currently offered for retrofit projects. Currently, plans are being reviewed to offer a two tiered lighting incentive with the highest incentive level rewarding a project that meets or exceeds a high performance lighting savings threshold. In addition, the companies are reviewing the feasibility of a comprehensive incentive package for projects that address two or more end uses. The comprehensive package will encourage the installation of high performance non-lighting end uses.

Currently, as part of the near-term peak load reduction effort, the 2007 Plan offers incentives to replace chillers 25 years old or older. Depending on the market response to this initiative, consideration may be given to lowering the minimum equipment age to qualify for the program to 20 years or less.

Develop an initiative within EO that meets the States needs and enables projects to get installed in a timely manner. This initiative should start with a brainstorming session of stakeholders including the Attorney General, Office of Consumer Counsel, Department of Public Works, Office of Policy Management, etc., to identify what is needed to address the State's bidding, contractor, legal, etc. issues.

### **Small Business Energy Advantage (SBEA)**

Expand SBEA offerings to include more comprehensiveness within a customer's facility and give consideration to increasing incentives to help bring more small businesses into the program. Evaluate the opportunities to offer measure packages for specific customer types. For example, as previously noted in the 2007 Plan, working with urban initiatives is a potentially successful way to pilot ideas, such as offering small "block or group" installation bid packages.

Utilize the SBEA program and its approved vendor network to cross-promote and facilitate additional peak demand reduction through "direct load control" programs offered under Energy Independence Act programs. This initiative would focus primarily on the small commercial and industrial customer owned air conditioning units and its secondary focus would be other technologies suitable for direct control load curtailment.

### **Operations & Maintenance (O&M)**

Based on the O&M strategy development process presented in the 2007 Plan, extra funds would be used to expand current O&M offerings to include more retro-commissioning projects and also packaged incentive offerings. The Companies will also pursue additional opportunities for savings opportunities in computer systems and controls.

### **Load Response Programs**

In the 2006 program year, the Companies offered support to customers participating in ISO-NE's Load Response Programs. This included funding both to defer costs associated with obtaining and installing the ISO-NE required internet based communications system and incentive payments to participating customers supplementing those made by ISO-NE. The funding for this program was authorized in Docket No. 05-07-14PH01, *DPUC Investigation of Measures to Reduce Federally Mandated Congestion Charges*.

The Companies have proposed as part of the October 2, 2006 C&LM Plan filing that the near-term EIA programs previously approved in Docket No. 05-07-14PH01 for 2006 be approved to continue in 2007. The Companies appreciate that these costs put upward pressure on electricity costs for our customers and realize that difficult choices may be necessary. The Companies have included in this supplemental filing, reallocating a small amount of Load Response funding from CEEF funds (with commensurate reallocations in Energy Opportunities) in the event that budgetary constraints impact the continuation of programs approved in Docket No. 05-07-14PH01.

### **Education and Outreach**

The proposed budgets under this scenario include \$700K for education and outreach activities. The outreach expenditures would consist of a \$500K promotional campaign designed to attract customers impacted by energy cost increase to take advantage of energy saving opportunities. This campaign, if approved would begin in late January and run throughout the spring. The balance of the budget would be used to find opportunities to work with educational institutions to develop student's skills that would be complementary to the highly successful CEEF programs operated by the Companies.

## **BUDGET TABLES**

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**Table1  
Portfolio Plan  
Summary of Estimated CEEF Funding  
2007 - 2010**

|             | CL&P<br>CEEF Funds         | CL&P<br>RRB Funds          | CL&P FCM<br>Transistion<br>Funds | CL&P<br>Total | UI<br>CEEF Funds           | UI<br>RRB Funds           | UI FCM<br>Transistion<br>Funds | UI<br>Total   | UI/CL&P<br>Total |
|-------------|----------------------------|----------------------------|----------------------------------|---------------|----------------------------|---------------------------|--------------------------------|---------------|------------------|
| <b>2007</b> | \$ 56,640,555 <sup>1</sup> | \$ 15,267,000 <sup>3</sup> | \$ 1,000,000 <sup>5</sup>        | \$ 72,907,555 | \$ 13,516,360 <sup>1</sup> | \$ 4,831,640 <sup>4</sup> | \$ 250,000 <sup>5</sup>        | \$ 18,598,000 | \$ 91,505,555    |
| <b>2008</b> | \$ 72,558,783 <sup>2</sup> | \$ -                       | \$ 2,000,000                     | \$ 74,558,783 | \$ 18,579,000 <sup>2</sup> | \$ -                      | \$ 500,000                     | \$ 19,079,000 | \$ 93,637,783    |
| <b>2009</b> | \$ 73,222,199 <sup>2</sup> | \$ -                       | \$ 3,000,000                     | \$ 76,222,199 | \$ 18,717,000 <sup>2</sup> | \$ -                      | \$ 750,000                     | \$ 19,467,000 | \$ 95,689,199    |
| <b>2010</b> | \$ 73,908,843 <sup>2</sup> | \$ -                       | \$ 4,000,000                     | \$ 77,908,843 | \$ 18,903,000 <sup>2</sup> | \$ -                      | \$ 1,000,000                   | \$ 19,903,000 | \$ 97,811,843    |

Note 1 From Docket 06-10-02 "Conservation and Load Management Plan for 2007 and 2008" dated October 2, 2006.

Note 2 Assumes restoration of CEEF Funding. Based on **estimated** sales and 3 mil conservation charge.

Note 3 Based on CL&P 2006 RRB C&LM collection rate of 0.64 mils.

Note 4 Based on UI 2006 RRB C&LM collection rate of 0.86 mils.

Note 5 Estimated full year FCM revenues.

**2007  
CL&P/UI Proposed RRB Allocation Budget**

| CL&P/UI C&LM BUDGET                                   | 2007  |   |   |                                       |                                   | 2007 RRB Allocations                     |  |  |                      | 2007<br>Total Combined<br>CLM & RRB<br>Budget |
|---|---|---|---|---------------------------------------|-----------------------------------|--|--|--|----------------------|---|
|   | 2007<br>CL&P<br>Proposed<br>10/02/06 Budget | 2007<br>CL&P<br>Proposed<br>Adjustments | 2007<br>UI<br>Proposed<br>10/02/06 Budget | 2007<br>UI<br>Proposed<br>Adjustments | 2007<br>CL&P/UI<br>Adjusted Total | 2007<br>CL&P<br>RRB Allocation<br>Budget | 2007<br>UI<br>RRB Allocation<br>Budget | 2007<br>CL&P/UI<br>RRB Allocation<br>Total |                      |   |
| <b>RESIDENTIAL</b>                                    |   |   |   |                                       |                                   |  |  |  |                      |   |
| Residential Retail Products*                          | \$ 5,600,000                                | \$ -                                    | \$ 1,250,000                              | \$ -                                  | \$ 6,850,000                      | \$ 1,200,000                             | \$ 330,000                             | \$ 1,530,000                               | \$ 8,380,000         |   |
| <b>Total - Consumer Products</b>                      | <b>\$ 5,600,000</b>                         | <b>\$ -</b>                             | <b>\$ 1,250,000</b>                       | <b>\$ -</b>                           | <b>\$ 6,850,000</b>               | <b>\$ 1,200,000</b>                      | <b>\$ 330,000</b>                      | <b>\$ 1,530,000</b>                        | <b>\$ 8,380,000</b>  |   |
| Residential New Construction*                         | \$ 1,700,000                                | \$ -                                    | \$ 400,000                                | \$ -                                  | \$ 2,100,000                      | \$ 433,650                               | \$ -                                   | \$ 433,650                                 | \$ 2,533,650         |   |
| Home Energy Solutions (HVAC, Duct Sealing, Lighting)* | \$ 5,060,052                                | \$ -                                    | \$ 1,061,857                              | \$ -                                  | \$ 6,121,909                      | \$ 3,900,000                             | \$ 980,000                             | \$ 4,880,000                               | \$ 11,001,909        |   |
| Low-Income (WRAP/UI Helps) *                          | \$ 6,000,000                                | \$ -                                    | \$ 1,235,381                              | \$ -                                  | \$ 7,235,381                      | \$ 1,800,000                             | \$ 480,000                             | \$ 2,280,000                               | \$ 9,515,381         |   |
| <b>Subtotal Residential</b>                           | <b>\$ 18,360,052</b>                        | <b>\$ -</b>                             | <b>\$ 3,947,238</b>                       | <b>\$ -</b>                           | <b>\$ 22,307,290</b>              | <b>\$ 7,333,650</b>                      | <b>\$ 1,790,000</b>                    | <b>\$ 9,123,650</b>                        | <b>\$ 31,430,940</b> |   |
| <b>COMMERCIAL &amp; INDUSTRIAL</b>                    |   |   |   |                                       |                                   |  |  |  |                      |   |
| <b>C&amp;I LOST OPPORTUNITY</b>                       |   |   |   |                                       |                                   |  |  |  |                      |   |
| Energy Conscious Blueprint*                           | \$ 12,417,000                               | \$ -                                    | \$ 2,949,126                              | \$ -                                  | \$ 15,366,126                     | \$ -                                     | \$ -                                   | \$ -                                       | \$ 15,366,126        |   |
| <b>Total - Lost Opportunity</b>                       | <b>\$ 12,417,000</b>                        | <b>\$ -</b>                             | <b>\$ 2,949,126</b>                       | <b>\$ -</b>                           | <b>\$ 15,366,126</b>              | <b>\$ -</b>                              | <b>\$ -</b>                            | <b>\$ -</b>                                | <b>\$ 15,366,126</b> |   |
| <b>C&amp;I LARGE RETROFIT</b>                         |   |   |   |                                       |                                   |  |  |  |                      |   |
| Energy Opportunities*                                 | \$ 10,009,000                               | \$ (1,000,000)                          | \$ 1,949,868                              | \$ (200,000)                          | \$ 10,758,868                     | \$ 3,400,000                             | \$ 1,282,657                           | \$ 4,682,657                               | \$ 15,441,525        |   |
| O&M (RetroCx, BOC, RFP)                               | \$ 3,124,000                                | \$ -                                    | \$ 285,000                                | \$ -                                  | \$ 3,409,000                      | \$ 1,000,000                             | \$ 446,000                             | \$ 1,446,000                               | \$ 4,855,000         |   |
| <b>Total - C&amp;I Large Retrofit</b>                 | <b>\$ 13,133,000</b>                        | <b>\$ (1,000,000)</b>                   | <b>\$ 2,234,868</b>                       | <b>\$ (200,000)</b>                   | <b>\$ 14,167,868</b>              | <b>\$ 4,400,000</b>                      | <b>\$ 1,728,657</b>                    | <b>\$ 6,128,657</b>                        | <b>\$ 20,296,525</b> |   |
| Small Business*                                       | \$ 3,900,000                                | \$ -                                    | \$ 1,423,845                              | \$ -                                  | \$ 5,323,845                      | \$ 2,000,000                             | \$ 866,000                             | \$ 2,866,000                               | \$ 8,189,845         |   |
| <b>Subtotal C&amp;I</b>                               | <b>\$ 29,450,000</b>                        | <b>\$ (1,000,000)</b>                   | <b>\$ 6,607,839</b>                       | <b>\$ (200,000)</b>                   | <b>\$ 34,857,839</b>              | <b>\$ 6,400,000</b>                      | <b>\$ 2,594,657</b>                    | <b>\$ 8,994,657</b>                        | <b>\$ 43,852,496</b> |   |
| <b>OTHER - EDUCATION **</b>                           |   |   |   |                                       |                                   |  |  |  |                      |   |
| SmartLiving Center® - Museum Partnerships             | \$ 100,000                                  | \$ -                                    | \$ 334,559                                | \$ -                                  | \$ 434,559                        | \$ -                                     | \$ 75,000                              | \$ 75,000                                  | \$ 509,559           |   |
| K-8 Education*  | \$ 200,000                                  | \$ -                                    | \$ 281,183                                | \$ -                                  | \$ 481,183                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 481,183           |   |
| Community Based Program (SWCT)                        | \$ 225,000                                  | \$ -                                    | \$ -                                      | \$ -                                  | \$ 225,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 225,000           |   |
| Science Center  | \$ 200,000                                  | \$ -                                    | \$ -                                      | \$ -                                  | \$ 200,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 200,000           |   |
| <b>Subtotal Education</b>                             | <b>\$ 725,000</b>                           | <b>\$ -</b>                             | <b>\$ 615,742</b>                         | <b>\$ -</b>                           | <b>\$ 1,340,742</b>               | <b>\$ -</b>                              | <b>\$ 75,000</b>                       | <b>\$ 75,000</b>                           | <b>\$ 1,415,742</b>  |   |
| <b>OTHER - PROGRAMS/REQUIREMENTS</b>                  |   |   |   |                                       |                                   |  |  |  |                      |   |
| Education & Outreach (ISE, Others) Note 1             | \$ 240,000                                  | \$ -                                    | \$ 55,822                                 | \$ -                                  | \$ 295,822                        | \$ 560,000                               | \$ 140,000                             | \$ 700,000                                 | \$ 995,822           |   |
| C&LM Loan Defaults                                    | \$ 60,000                                   | \$ -                                    | \$ 4,652                                  | \$ -                                  | \$ 64,652                         | \$ -                                     | \$ -                                   | \$ -                                       | \$ 64,652            |   |
| <b>Subtotal Programs/Requirements</b>                 | <b>\$ 300,000</b>                           | <b>\$ -</b>                             | <b>\$ 60,474</b>                          | <b>\$ -</b>                           | <b>\$ 360,474</b>                 | <b>\$ 560,000</b>                        | <b>\$ 140,000</b>                      | <b>\$ 700,000</b>                          | <b>\$ 1,060,474</b>  |   |
| <b>OTHER - LOAD MANAGEMENT</b>                        |   |   |   |                                       |                                   |  |  |  |                      |   |
| ISO Load Response Program Support                     | \$ 400,000                                  | \$ 1,000,000                            | \$ 24,570                                 | \$ 200,000                            | \$ 1,624,570                      | \$ -                                     | \$ -                                   | \$ -                                       | \$ 1,624,570         |   |
| Water Heater Timer Promotion                          | \$ -  | \$ -                                    | \$ 100,000                                | \$ -                                  | \$ 100,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 100,000           |   |
| Demand Reduction                                      | \$ 400,000                                  | \$ -                                    | \$ -                                      | \$ -                                  | \$ 400,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 400,000           |   |
| Power Factor  | \$ 150,000                                  | \$ -                                    | \$ -                                      | \$ -                                  | \$ 150,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 150,000           |   |
| <b>Subtotal Load Management</b>                       | <b>\$ 950,000</b>                           | <b>\$ 1,000,000</b>                     | <b>\$ 124,570</b>                         | <b>\$ 200,000</b>                     | <b>\$ 2,274,570</b>               | <b>\$ -</b>                              | <b>\$ -</b>                            | <b>\$ -</b>                                | <b>\$ 2,274,570</b>  |   |
| <b>OTHER - RENEWABLES &amp; RD&amp;D</b>              |   |   |   |                                       |                                   |  |  |  |                      |   |
| Research, Development & Demonstration*                | \$ 400,000                                  | \$ -                                    | \$ 125,000                                | \$ -                                  | \$ 525,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 525,000           |   |
| <b>Subtotal Renewables &amp; RD&amp;D</b>             | <b>\$ 400,000</b>                           | <b>\$ -</b>                             | <b>\$ 125,000</b>                         | <b>\$ -</b>                           | <b>\$ 525,000</b>                 | <b>\$ -</b>                              | <b>\$ -</b>                            | <b>\$ -</b>                                | <b>\$ 525,000</b>    |   |
| <b>OTHER - ADMINISTRATIVE &amp; PLANNING</b>          |   |   |   |                                       |                                   |  |  |  |                      |   |
| Administration  | \$ 625,000                                  | \$ -                                    | \$ 353,759                                | \$ -                                  | \$ 978,759                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 978,759           |   |
| Planning and Evaluation                               | \$ 1,300,000                                | \$ -                                    | \$ 533,340                                | \$ -                                  | \$ 1,833,340                      | \$ 1,000,000                             | \$ 200,000                             | \$ 1,200,000                               | \$ 3,033,340         |   |
| Information Technology                                | \$ 1,500,000                                | \$ -                                    | \$ 242,857                                | \$ -                                  | \$ 1,742,857                      | \$ -                                     | \$ -                                   | \$ -                                       | \$ 1,742,857         |   |
| ECMB  | \$ 250,000                                  | \$ -                                    | \$ 210,000                                | \$ -                                  | \$ 460,000                        | \$ 160,000                               | \$ 40,000                              | \$ 200,000                                 | \$ 660,000           |   |
| Audit   | \$ 100,000                                  | \$ -                                    | \$ 65,000                                 | \$ -                                  | \$ 165,000                        | \$ -                                     | \$ -                                   | \$ -                                       | \$ 165,000           |   |
| Performance Management Fee                            | \$ 2,680,503                                | \$ -                                    | \$ 630,541                                | \$ -                                  | \$ 3,311,044                      | \$ 813,350                               | \$ 241,983                             | \$ 1,055,333                               | \$ 4,366,377         |   |
| <b>Admin/Planning Expenditures</b>                    | <b>\$ 6,455,503</b>                         | <b>\$ -</b>                             | <b>\$ 2,035,497</b>                       | <b>\$ -</b>                           | <b>\$ 8,491,000</b>               | <b>\$ 1,973,350</b>                      | <b>\$ 481,983</b>                      | <b>\$ 2,455,333</b>                        | <b>\$ 10,946,333</b> |   |
| <b>PROGRAM SUBTOTALS</b>                              |   |   |   |                                       |                                   |  |  |  |                      |   |
| <b>Residential</b>                                    | <b>\$ 18,980,052</b>                        | <b>\$ -</b>                             | <b>\$ 4,596,068</b>                       | <b>\$ -</b>                           | <b>\$ 23,576,120</b>              | <b>\$ 7,333,650</b>                      | <b>\$ 1,850,000</b>                    | <b>\$ 9,183,650</b>                        | <b>\$ 32,759,770</b> |   |
| <b>C&amp;I</b>  | <b>\$ 30,565,000</b>                        | <b>\$ -</b>                             | <b>\$ 6,703,973</b>                       | <b>\$ -</b>                           | <b>\$ 37,268,973</b>              | <b>\$ 6,400,000</b>                      | <b>\$ 2,609,657</b>                    | <b>\$ 9,009,657</b>                        | <b>\$ 46,278,630</b> |   |
| <b>Other**</b>  | <b>\$ 7,095,503</b>                         | <b>\$ -</b>                             | <b>\$ 2,216,319</b>                       | <b>\$ -</b>                           | <b>\$ 9,311,822</b>               | <b>\$ 2,533,350</b>                      | <b>\$ 621,983</b>                      | <b>\$ 3,155,333</b>                        | <b>\$ 12,467,155</b> |   |
| <b>TOTAL</b>  | <b>\$ 56,640,555</b>                        | <b>\$ -</b>                             | <b>\$ 13,516,360</b>                      | <b>\$ -</b>                           | <b>\$ 70,156,915</b>              | <b>\$ 16,267,000</b>                     | <b>\$ 5,081,640</b>                    | <b>\$ 21,348,640</b>                       | <b>\$ 91,505,555</b> |   |

|  | 2007<br>CL&P<br>Proposed | 2007<br>CL&P<br>Adjustments | 2007<br>UI<br>Proposed | 2007<br>UI<br>Adjustments | CL&P/UI<br>2007<br>Adjusted Total |
|--|--------------------------|-----------------------------|------------------------|---------------------------|-----------------------------------|
| <b>Docket 05-07-14PH01 EIA Programs</b>          |                          |                             |                        |                           |                                   |
| ISO Load Response Programs                       | \$ 19,335,968            | \$ (1,000,000)              | \$ 1,232,500           | \$ (200,000)              | \$ 19,368,468                     |
| Residential HVAC                                 | \$ -                     | \$ -                        | \$ 1,423,893           | \$ -                      | \$ 1,423,893                      |
| Electric & Gas Efficiency                        | \$ 895,000               | \$ -                        | \$ -                   | \$ -                      | \$ 895,000                        |
| General Awareness                                | \$ 240,000               | \$ -                        | \$ 60,000              | \$ -                      | \$ 300,000                        |
| Direct Load Control                              | \$ -                     | \$ -                        | \$ -                   | \$ -                      | \$ -                              |
| Energy Opportunities                             | \$ -                     | \$ 1,000,000                | \$ 2,041,625           | \$ 200,000                | \$ 3,241,625                      |
| <b>Subtotal Docket 05-07-14PH01 EIA Programs</b> | <b>\$ 20,470,968</b>     | <b>\$ -</b>                 | <b>\$ 4,758,018</b>    | <b>\$ -</b>               | <b>\$ 25,228,986</b>              |
| <b>TOTAL C&amp;LM and EIA</b>                    | <b>\$ 77,111,523</b>     | <b>\$ -</b>                 | <b>\$ 18,274,378</b>   | <b>\$ -</b>               | <b>\$ 95,385,901</b>              |

**Total 2007 CLM, RRB and EIA \$ 116,734,541**

\* Joint CL&P/UI Programs.  
\*\* OTHER - EDUCATION is primarily allocated to residential programs.

Note 1: \$500,000 allocated to focused awareness marketing campaign to be launched in early 2007.

# Table A

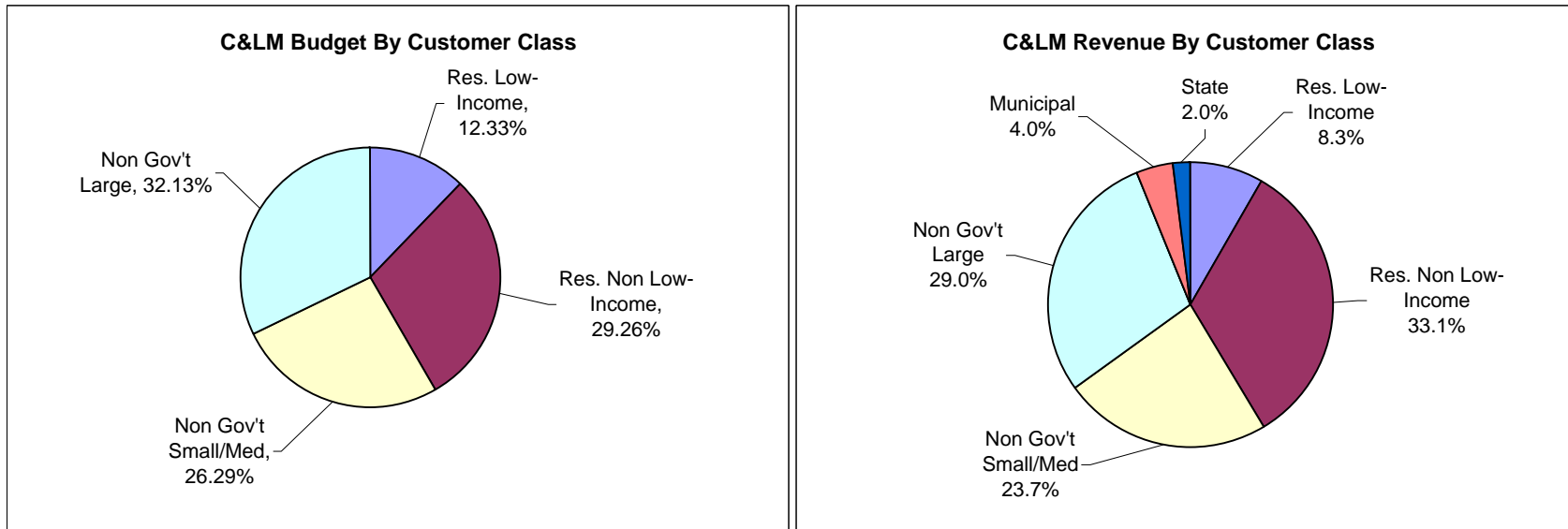
## 2007 CL&P Proposed C&LM and RRB Budget

| CL&P C&LM and RRB BUDGET  | 2007<br>CL&P<br>Proposed<br>CLM Budget<br>10/2/06 | 2007<br>CL&P<br>Proposed<br>CLM Budget<br>Adjustments | 2007<br>CL&P<br>Proposed<br>RRB Allocation<br>Budget | 2007<br>CL&P<br>Proposed<br>C&LM and RRB<br>Adjusted Total |
|---|---|---|--|--|
| <b>RESIDENTIAL</b>  |   |   |  |  |
| Residential Retail Products*                                    | \$ 5,600,000                                      |   | \$ 1,200,000   | \$ 6,800,000   |
| <b>Total - Consumer Products</b>                                | <b>\$ 5,600,000</b>                               | <b>\$ -</b>   | <b>\$ 1,200,000</b>                                  | <b>\$ 6,800,000</b>  |
| Residential New Construction*                                   | \$ 1,700,000                                      |   | \$ 433,650   | \$ 2,133,650   |
| Home Energy Solutions (HVAC, Duct Sealing, Lighting)*           | \$ 5,060,052                                      |   | \$ 3,900,000   | \$ 8,960,052   |
| Low-Income (WRAP / UI Helps)*                                   | \$ 6,000,000                                      |   | \$ 1,800,000   | \$ 7,800,000   |
| <b>Subtotal Residential</b>                                     | <b>\$ 18,360,052</b>                              | <b>\$ -</b>   | <b>\$ 7,333,650</b>                                  | <b>\$ 25,693,702</b>                                       |
| <b>COMMERCIAL &amp; INDUSTRIAL<br/>C&amp;I LOST OPPORTUNITY</b> |   |   |  |  |
| Energy Conscious Blueprint*                                     | \$ 12,417,000                                     |   | \$ -   | \$ 12,417,000  |
| <b>Total - Lost Opportunity</b>                                 | <b>\$ 12,417,000</b>                              | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 12,417,000</b>                                       |
| <b>C&amp;I LARGE RETROFIT</b>                                   |   |   |  |  |
| Energy Opportunities  | \$ 10,009,000                                     | \$ (1,000,000)  | \$ 3,400,000   | \$ 12,409,000  |
| O&M (RetroCx, BOC)  | \$ 3,124,000                                      |   | \$ 1,000,000   | \$ 4,124,000   |
| <b>Total - C&amp;I Large Retrofit</b>                           | <b>\$ 13,133,000</b>                              | <b>\$ (1,000,000)</b>                                 | <b>\$ 4,400,000</b>                                  | <b>\$ 16,533,000</b>                                       |
| Small Business*   | \$ 3,900,000                                      |   | \$ 2,000,000   | \$ 5,900,000   |
| <b>Subtotal C&amp;I</b>   | <b>\$ 29,450,000</b>                              | <b>\$ (1,000,000)</b>                                 | <b>\$ 6,400,000</b>                                  | <b>\$ 34,850,000</b>                                       |
| <b>OTHER - EDUCATION **</b>                                     |   |   |  |  |
| SmartLiving Center® - Museum Partnerships                       | \$ 100,000  |   | \$ -   | \$ 100,000   |
| K-8 Education*  | \$ 200,000  |   | \$ -   | \$ 200,000   |
| Community Based Program (SWCT)*                                 | \$ 225,000  |   | \$ -   | \$ 225,000   |
| Science Center  | \$ 200,000  |   | \$ -   | \$ 200,000   |
| <b>Subtotal Education</b>                                       | <b>\$ 725,000</b>                                 | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 725,000</b>  |
| <b>OTHER - PROGRAMS/REQUIREMENTS</b>                            |   |   |  |  |
| Education & Outreach (ISE, Others) Note 1                       | \$ 240,000  |   | \$ 560,000   | \$ 800,000   |
| C&LM Loan Defaults  | \$ 60,000   |   | \$ -   | \$ 60,000  |
| <b>Subtotal Programs/Requirements</b>                           | <b>\$ 300,000</b>                                 | <b>\$ -</b>   | <b>\$ 560,000</b>                                    | <b>\$ 860,000</b>  |
| <b>OTHER - LOAD MANAGEMENT</b>                                  |   |   |  |  |
| ISO Load Response Program Support                               | \$ 400,000  | \$ 1,000,000  | \$ -   | \$ 1,400,000   |
| Demand Reduction  | \$ 400,000  |   | \$ -   | \$ 400,000   |
| Power Factor  | \$ 150,000  |   | \$ -   | \$ 150,000   |
| <b>Subtotal Load Management</b>                                 | <b>\$ 950,000</b>                                 | <b>\$ 1,000,000</b>                                   | <b>\$ -</b>  | <b>\$ 1,950,000</b>  |
| <b>OTHER - RENEWABLES &amp; RD&amp;D</b>                        |   |   |  |  |
| Research, Development & Demonstration*                          | \$ 400,000  |   | \$ -   | \$ 400,000   |
| <b>Subtotal Renewables &amp; RD&amp;D</b>                       | <b>\$ 400,000</b>                                 | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 400,000</b>  |
| <b>OTHER - ADMINISTRATIVE &amp; PLANNING</b>                    |   |   |  |  |
| Administration  | \$ 625,000  |   | \$ -   | \$ 625,000   |
| Planning  | \$ 488,000  |   | \$ -   | \$ 488,000   |
| Evaluation  | \$ 812,000  |   | \$ 1,000,000   | \$ 1,812,000   |
| Information Technology  | \$ 1,500,000                                      |   | \$ -   | \$ 1,500,000   |
| ECMB  | \$ 250,000  |   | \$ 160,000   | \$ 410,000   |
| Audit   | \$ 100,000  |   | \$ -   | \$ 100,000   |
| Performance Management Fee                                      | \$ 2,680,503                                      |   | \$ 813,350   | \$ 3,493,853   |
| <b>Subtotal Admin/Planning Expenditures</b>                     | <b>\$ 6,455,503</b>                               | <b>\$ -</b>   | <b>\$ 1,973,350</b>                                  | <b>\$ 8,428,853</b>  |
| <b>PROGRAM SUBTOTALS</b>  |   |   |  |  |
| <b>Residential</b>  | <b>\$ 18,980,052</b>                              | <b>\$ -</b>   | <b>\$ 7,333,650</b>                                  | <b>\$ 26,313,702</b>                                       |
| <b>C&amp;I</b>  | <b>\$ 30,565,000</b>                              | <b>\$ -</b>   | <b>\$ 6,400,000</b>                                  | <b>\$ 36,965,000</b>                                       |
| <b>Other**</b>  | <b>\$ 7,095,503</b>                               | <b>\$ -</b>   | <b>\$ 2,533,350</b>                                  | <b>\$ 9,628,853</b>  |
| <b>TOTAL C&amp;LM BUDGET</b>                                    | <b>\$ 56,640,555</b>                              | <b>\$ -</b>   | <b>\$ 16,267,000</b>                                 | <b>\$ 72,907,555</b>                                       |
| <b>TOTAL</b>  | <b>\$ 56,640,555</b>                              | <b>\$ -</b>   | <b>\$ 16,267,000</b>                                 | <b>\$ 72,907,555</b>                                       |
| <b>Docket 05-07-14PH01 EIA Programs</b>                         |   |   |  |  |
| ISO Load Response Programs                                      | \$ 19,335,968                                     | \$ (1,000,000)  | \$ -   | \$ 18,335,968  |
| Residential HVAC  | \$ -  |   | \$ -   | \$ -   |
| Electric & Gas Efficiency                                       | \$ 895,000  |   | \$ -   | \$ 895,000   |
| General Awareness   | \$ 240,000  |   | \$ -   | \$ 240,000   |
| Direct Load Control   | \$ -  |   | \$ -   | \$ -   |
| Energy Opportunities  |   | \$ 1,000,000  |  | \$ 1,000,000   |
| <b>Subtotal Docket 05-07-14PH01 EIA Programs</b>                | <b>\$ 20,470,968</b>                              | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 20,470,968</b>                                       |
| <b>TOTAL C&amp;LM and EIA</b>                                   | <b>\$ 77,111,523</b>                              | <b>\$ -</b>   | <b>\$ 16,267,000</b>                                 | <b>\$ 93,378,523</b>                                       |

Note 1: \$400,000 allocated to focused awareness marketing campaign to be launched in early 2007.

Totals may vary due to rounding

CL&P 2007 C&LM and RRB Budget and Parity Analysis



| Customer Class                          | Budget              | % of Total C&LM Budget | % of Residential & C&I Budget | % of Residential & C&I Revenue | Difference    |
|---|---------------------|------------------------|-------------------------------|--------------------------------|---------------|
| Res. Low-Income                         | \$7,800,000         | 10.70%                 | 12.33%                        | 8.27%                          | 4.06%         |
| Res. Non Low-Income                     | \$18,513,702        | 25.39%                 | 29.26%                        | 33.06%                         | -3.80%        |
| <b>Residential Subtotal</b>             | <b>\$26,313,702</b> | <b>36.09%</b>          | <b>41.58%</b>                 | <b>41.33%</b>                  | <b>0.25%</b>  |
| Non Gov't Small/Med                     | \$16,634,250        | 22.82%                 | 26.29%                        | 23.66%                         | 2.63%         |
| Non Gov't Large                         | \$20,330,750        | 27.89%                 | 32.13%                        | 28.97%                         | 3.16%         |
| Municipal (1)                           | \$0                 | 0.00%                  | 0.00%                         | 4.03%                          | -4.03%        |
| State (1)                               | \$0                 | 0.00%                  | 0.00%                         | 2.01%                          | -2.01%        |
| <b>C&amp;I Subtotal</b>                 | <b>\$36,965,000</b> | <b>50.70%</b>          | <b>58.42%</b>                 | <b>58.67%</b>                  | <b>-0.25%</b> |
| <b>Residential and C&amp;I Subtotal</b> | <b>\$63,278,702</b> | <b>86.79%</b>          | <b>100.00%</b>                | <b>100.00%</b>                 | <b>0.0%</b>   |
| <b>Other Expenditures</b>               |                     |                        |                               |                                |               |
| Other Expenditures                      | \$9,628,853         | 13.21%                 |                               |                                |               |
| <b>Other Expenditures Subtotal</b>      | <b>\$9,628,853</b>  | <b>13.21%</b>          |                               |                                |               |
| <b>C&amp;LM TOTAL</b>                   | <b>\$72,907,555</b> | <b>100.00%</b>         |                               |                                |               |

(1) Municipalities and state facilities are eligible to participate in C&I Program offerings as applicable.

Totals may vary due to rounding

# Table A

## 2007 UI Proposed C&LM and RRB Budget

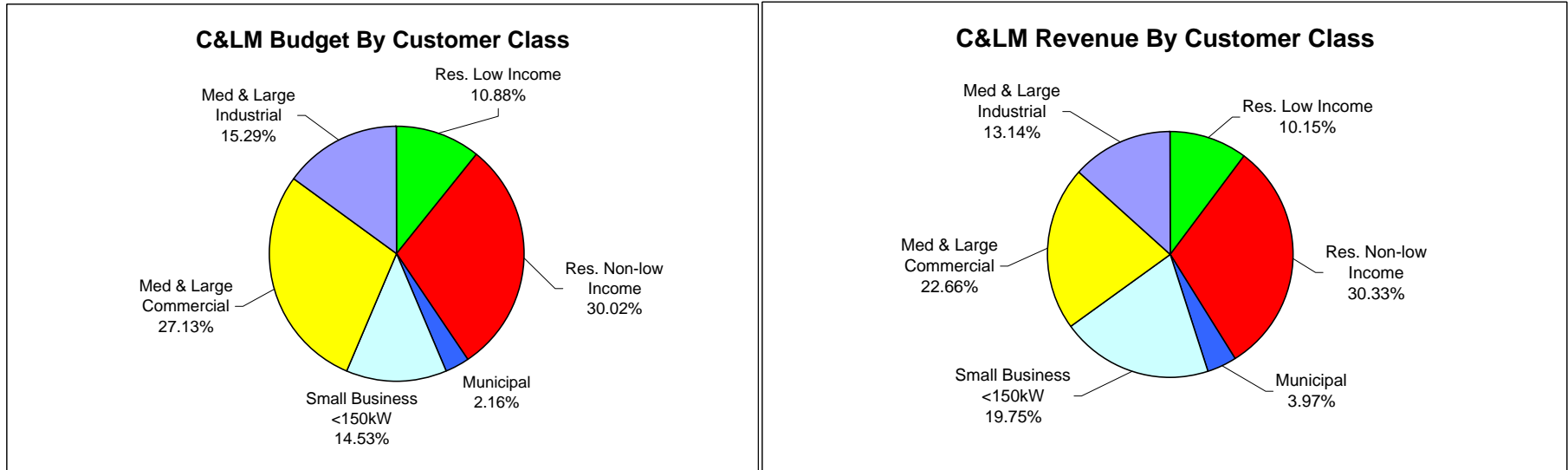
| UI C&LM and RRB BUDGET  | 2007<br>UI<br>Proposed<br>CLM Budget<br>10/2/06 | 2007<br>UI<br>Proposed<br>CLM Budget<br>Adjustments | 2007<br>UI<br>Proposed<br>RRB Allocation<br>Budget | 2007<br>UI<br>Proposed<br>C&LM and RRB<br>Total |
|---|---|---|--|---|
| <b>RESIDENTIAL</b>  |   |   |  |   |
| Residential Retail Products*                                    | \$ 1,250,000                                    |   | \$ 330,000   | \$ 1,580,000                                    |
| <b>Total - Consumer Products</b>                                | <b>\$ 1,250,000</b>                             | <b>\$ -</b>   | <b>\$ 330,000</b>                                  | <b>\$ 1,580,000</b>                             |
| Residential New Construction*                                   | \$ 400,000                                      |   | \$ -   | \$ 400,000                                      |
| Home Energy Solutions (HVAC, Duct Sealing, Lighting)*           | \$ 1,061,857                                    |   | \$ 980,000   | \$ 2,041,857                                    |
| Low-Income (WRAP / UI Helps)* Note 2                            | \$ 1,235,381                                    |   | \$ 480,000   | \$ 1,715,381                                    |
| <b>Subtotal Residential</b>                                     | <b>\$ 3,947,238</b>                             | <b>\$ -</b>   | <b>\$ 1,790,000</b>                                | <b>\$ 5,737,238</b>                             |
| <b>COMMERCIAL &amp; INDUSTRIAL<br/>C&amp;I LOST OPPORTUNITY</b> |   |   |  |   |
| Energy Conscious Blueprint*                                     | \$ 2,949,126                                    |   | \$ -   | \$ 2,949,126                                    |
| <b>Total - Lost Opportunity</b>                                 | <b>\$ 2,949,126</b>                             | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 2,949,126</b>                             |
| <b>C&amp;I LARGE RETROFIT</b>                                   |   |   |  |   |
| Energy Opportunities  | \$ 1,949,868                                    | \$ (200,000)  | \$ 1,282,657                                       | \$ 3,032,525                                    |
| O&M (RetroCx, BOC)  | \$ 285,000                                      |   | \$ 446,000   | \$ 731,000                                      |
| <b>Total - C&amp;I Large Retrofit</b>                           | <b>\$ 2,234,868</b>                             | <b>\$ (200,000)</b>                                 | <b>\$ 1,728,657</b>                                | <b>\$ 3,763,525</b>                             |
| Small Business*   | \$ 1,423,845                                    |   | \$ 866,000   | \$ 2,289,845                                    |
| <b>Subtotal C&amp;I</b>   | <b>\$ 6,607,839</b>                             | <b>\$ (200,000)</b>                                 | <b>\$ 2,594,657</b>                                | <b>\$ 9,002,496</b>                             |
| <b>OTHER - EDUCATION</b>  |   |   |  |   |
| SmartLiving Center@ - Museum Partnerships                       | \$ 334,559                                      |   | \$ 75,000  | \$ 409,559                                      |
| K-8 Education*  | \$ 281,183                                      |   | \$ -   | \$ 281,183                                      |
| <b>Subtotal Education</b>                                       | <b>\$ 615,742</b>                               | <b>\$ -</b>   | <b>\$ 75,000</b>                                   | <b>\$ 690,742</b>                               |
| <b>OTHER - PROGRAMS/REQUIREMENTS</b>                            |   |   |  |   |
| Education & Outreach (ISE, Others) Note 1                       | \$ 55,822                                       |   | \$ 140,000   | \$ 195,822                                      |
| C&LM Loan Defaults  | \$ 4,652  |   | \$ -   | \$ 4,652  |
| <b>Subtotal Programs/Requirements</b>                           | <b>\$ 60,474</b>                                | <b>\$ -</b>   | <b>\$ 140,000</b>                                  | <b>\$ 200,474</b>                               |
| <b>OTHER - LOAD MANAGEMENT</b>                                  |   |   |  |   |
| Water Heater Timer Promotion                                    | \$ 100,000                                      |   | \$ -   | \$ 100,000                                      |
| ISO Load Response Program Support                               | \$ 24,570                                       | \$ 200,000  | \$ -   | \$ 224,570                                      |
| <b>Subtotal Load Management</b>                                 | <b>\$ 124,570</b>                               | <b>\$ 200,000</b>                                   | <b>\$ -</b>  | <b>\$ 324,570</b>                               |
| <b>OTHER - RENEWABLES &amp; RD&amp;D</b>                        |   |   |  |   |
| Research, Development & Demonstration*                          | \$ 125,000                                      |   | \$ -   | \$ 125,000                                      |
| <b>Subtotal Renewables &amp; RD&amp;D</b>                       | <b>\$ 125,000</b>                               | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 125,000</b>                               |
| <b>OTHER - ADMINISTRATIVE &amp; PLANNING</b>                    |   |   |  |   |
| Administration  | \$ 353,759                                      |   | \$ -   | \$ 353,759                                      |
| Planning & Evaluation   | \$ 533,340                                      |   | \$ 200,000   | \$ 733,340                                      |
| Information Technology  | \$ 242,857                                      |   | \$ -   | \$ 242,857                                      |
| ECMB  | \$ 210,000                                      |   | \$ 40,000  | \$ 250,000                                      |
| Audit   | \$ 65,000                                       |   | \$ -   | \$ 65,000                                       |
| Performance Management Fee                                      | \$ 630,541                                      |   | \$ 241,983   | \$ 872,524                                      |
| <b>Subtotal Admin/Planning Expenditures</b>                     | <b>\$ 2,035,497</b>                             | <b>\$ -</b>   | <b>\$ 481,983</b>                                  | <b>\$ 2,517,480</b>                             |
| <b>PROGRAM SUBTOTALS</b>  |   |   |  |   |
| <b>Residential</b>  | <b>\$ 4,596,068</b>                             | <b>\$ -</b>   | <b>\$ 1,850,000</b>                                | <b>\$ 6,446,068</b>                             |
| <b>C&amp;I</b>  | <b>\$ 6,703,973</b>                             | <b>\$ -</b>   | <b>\$ 2,609,657</b>                                | <b>\$ 9,313,630</b>                             |
| <b>Other**</b>  | <b>\$ 2,216,319</b>                             | <b>\$ -</b>   | <b>\$ 621,983</b>                                  | <b>\$ 2,838,302</b>                             |
| <b>TOTAL C&amp;LM BUDGET</b>                                    | <b>\$ 13,516,360</b>                            | <b>\$ -</b>   | <b>\$ 5,081,640</b>                                | <b>\$ 18,598,000</b>                            |
| <b>TOTAL</b>  | <b>\$ 13,516,360</b>                            | <b>\$ -</b>   | <b>\$ 5,081,640</b>                                | <b>\$ 18,598,000</b>                            |
| <b>Docket 05-07-14PH01 EIA Programs</b>                         |   |   |  |   |
| ISO Load Response Programs                                      | \$ 1,232,500                                    | \$ (200,000)  |  | \$ 1,032,500                                    |
| Energy Opportunities  | \$ 2,041,625                                    | \$ 200,000  |  | \$ 2,241,625                                    |
| Residential HVAC  | \$ 1,423,893                                    |   |  | \$ 1,423,893                                    |
| General Awareness   | \$ 60,000                                       |   |  | \$ 60,000                                       |
| <b>Subtotal Docket 05-07-14PH01 EIA Programs</b>                | <b>\$ 4,758,018</b>                             | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 4,758,018</b>                             |
| <b>TOTAL C&amp;LM and EIA</b>                                   | <b>\$ 18,274,378</b>                            | <b>\$ -</b>   | <b>\$ 5,081,640</b>                                | <b>\$ 23,356,018</b>                            |

Note 1: \$100,000 allocated to focused awareness marketing campaign to be launched in early 2007.

Note 2: \$67,000 of funding will be allocated to NHS. Should additional funding not become available, this effort will be funded from the 10/02/06 Proposed Budget.

Totals may vary due to rounding

**THE UNITED ILLUMINATING COMPANY**  
**UI 2007 C&LM and RRB Budget and Parity Analysis**  
**TABLE A**



| Customer Class                               | Budget               | % of Total C&LM Budget | % of Residential & C&I Budget | % of Residential & C&I Revenue | Difference    |
|--|----------------------|------------------------|-------------------------------|--------------------------------|---------------|
| Res. Low Income                              | \$ 1,715,381         | 9.22%                  | 10.88%                        | 10.15%                         | 0.73%         |
| Res Non-Low Income                           | \$ 4,730,687         | 25.44%                 | 30.02%                        | 30.33%                         | -0.31%        |
| <b>Residential Sub-total</b>                 | <b>\$ 6,446,068</b>  | <b>34.66%</b>          | <b>40.90%</b>                 | <b>40.48%</b>                  | <b>0.42%</b>  |
| Small Business <150kW                        | \$ 2,289,845         | 12.31%                 | 14.53%                        | 19.75%                         | -5.22%        |
| Med & Large Commercial                       | \$ 4,274,823         | 22.99%                 | 27.13%                        | 22.66%                         | 4.47%         |
| Med & Large Industrial                       | \$ 2,408,962         | 12.95%                 | 15.29%                        | 13.14%                         | 2.15%         |
| Municipal                                    | \$ 340,000           | 1.83%                  | 2.16%                         | 3.97%                          | -1.81%        |
| <b>C &amp; I Sub-total</b>                   | <b>\$ 9,313,630</b>  | <b>50.08%</b>          | <b>59.10%</b>                 | <b>59.52%</b>                  | <b>-0.42%</b> |
| <b>Sub-total for Residential and C&amp;I</b> | <b>\$ 15,759,698</b> | <b>84.74%</b>          | <b>100.00%</b>                | <b>100.00%</b>                 | <b>0.00%</b>  |
| Other Expenditures                           | \$ 2,838,302         | 15.26%                 |                               |                                |               |
| <b>Other Expenditures Sub-total</b>          | <b>\$ 2,838,302</b>  | <b>15.26%</b>          |                               |                                |               |
| <b>GRAND TOTAL *</b>                         | <b>\$ 18,598,000</b> | <b>100%</b>            |                               |                                |               |

Totals may vary due to rounding