

Staff Recommended Performance Incentive Methodology**Savings Component:**

	First Iteration			Second Iteration (Incl. Perf. Incent.) Second Iteration (adj. for circularity)		
	Residential	C&I	Total	Residential	C&I	Total
Budget Spending (Utility only, excl PI)	\$ 554,617	\$ 430,571	\$ 985,188	\$ 554,617	\$ 430,571	\$ 985,188
Actual Lifetime Savings (mmbtu)	85,473	272,731	358,204	85,473	272,731	
Planned Lifetime Savings (mmbtu)	123,024	210,922	333,946	123,024	210,922	333,946
Ratio Actual vs. Planned	0.69	1.29		0.69	1.29	
Baseline Percent	4.00%	4.00%		4.00%	4.00%	
Actual Performance Incentive Percent	2.78%	5.17%		2.78%	5.17%	
Ratio Actual vs. Planned	0.69	1.29		0.69	1.29	
If Ratio < 65% Planned, then zero; otherwise Act. %	2.78%	5.17%		2.78%	5.17%	
Calculated Savings Component Based on Actual Spending	\$ 11,187	\$ 20,137	\$ 31,324	\$ 11,961	\$ 22,041	\$ 34,001

B/C Component:

Budget Spending	\$ 554,617	\$ 430,571	\$ 985,188	\$ 554,617	\$ 430,571	\$ 985,188
<u>Planned B/C Component:</u>						
Total Planned Benefits	\$ 1,310,236	\$ 2,284,880	\$ 3,595,116	\$ 1,310,236	\$ 2,284,880	\$ 3,595,116
Planned Program Cost (excl. performance incentives)	\$ 554,617	\$ 430,571		\$ 554,617	\$ 430,571	
Planned Participant Cost	\$ 188,000	\$ 267,047		\$ 188,000	\$ 267,047	
Utility and Partic. Cost	\$ 742,617	\$ 697,618	\$ 1,440,235	\$ 742,617	\$ 697,618	\$ 1,440,235
Planned Performance Incentives:						
Savings Component	n/a	n/a		\$ 22,185	\$ 17,223	
B/C Component	n/a	n/a		\$ 22,185	\$ 17,223	
Total	n/a	n/a		\$ 44,369	\$ 34,446	\$ 78,815
Total Planned Costs	\$ 742,617.08	\$ 697,618	\$ 1,440,235	\$ 786,986	\$ 732,064	\$ 1,519,050
Planned B/C Ratio	1.76	3.10		1.66	3.12	
<u>Actual B/C Component:</u>						
Actual Benefits	\$ 923,980	\$ 2,614,770		\$ 923,980	\$ 2,614,770	
Actual Program Cost (excl. Perf. Incent.)	\$ 402,553	\$ 389,336	\$ 791,889	\$ 402,553	\$ 389,336	\$ 791,889
Actual Participant Cost	\$ 104,309	\$ 398,512		\$ 104,309	\$ 398,512	
Utility and Participant Cost	\$ 506,861	\$ 787,848		\$ 506,861	\$ 787,848	
Actual Performance Incentives:						
Savings Component	n/a	n/a		\$ 11,187	\$ 20,137	
B/C Component	n/a	n/a		\$ 16,637	\$ 16,673	
Total	n/a	n/a		\$ 27,824	\$ 36,810	
Actual Total Costs	\$ 506,861.43	\$ 787,847.85	\$ 1,294,709	\$ 534,686	\$ 824,658	\$ 1,359,344
Actual B/C Ratio	1.82	3.32		1.73	3.17	
If Actual B/C Ratio < 1.0, then zero; otherwise act. B/C Ratio	1.82	3.32		1.73	3.17	
Ratio Actual vs. Planned B/C Ratio	103%	107%		104%	102%	
Baseline Percent	4.00%	4.00%		4.00%	4.00%	
Actual B/C Performance Incentive Percent (0 if < 1.0)	4.13%	4.28%		4.15%	4.06%	
B/C Performance Incentive Based on Actual Spending	\$ 16,637	\$ 16,673	\$ 33,310	\$ 17,868.63	\$ 17,316.63	\$ 35,185
Total Calculated Performance Incentive	\$ 27,824	\$ 36,810	\$ 64,634	\$ 29,829	\$ 39,358	\$ 69,187

Exhibit A: Summary of Expenditures and Savings

Northern Utilities, Inc. d/b/a Unitil
Gas Energy Efficiency Report (DE 10-188)
January 1, 2011 - December 21, 2011

Table 1 - Reporting Year Budget, Participation, Savings

Sector	Program	Internal Admin	External Admin	Rebates/ Services	Internal Implementation	Marketing	Evaluation	Budget Total	Participants/ # of Products	Annual MMBTU	Lifetime MMBTU
Residential											
	Home Performance w/ES	\$15,525	\$6,192	\$192,332	\$54,354	\$22,636	\$18,577	\$309,617	447	4,731	86,331
	Residential GasNetworks	\$7,331	\$2,531	\$78,359	\$27,905	\$7,400	\$11,475	\$135,000	26	1,493	20,896
	Residential Total	\$22,855	\$8,724	\$270,691	\$82,259	\$30,036	\$30,052	\$444,617	473	6,224	107,227
Low Income											
	Low Income Retrofit 1-4	\$6,237	\$1,628	\$67,837	\$21,868	\$4,400	\$8,030	\$110,000	23	790	15,797
	Low Income Total	\$6,237	\$1,628	\$67,837	\$21,868	\$4,400	\$8,030	\$110,000	23	790	15,797
Commercial & Industrial											
	Large C&I Custom	\$6,059	\$900	\$50,274	\$23,137	\$4,680	\$4,950	\$90,000	5	3,397	61,149
	Small C&I Custom	\$7,162	\$932	\$63,685	\$27,500	\$6,932	\$5,590	\$111,800	11	3,461	62,301
	Multifamily	\$3,974	\$1,343	\$43,415	\$13,743	\$7,875	\$4,650	\$75,000	62	3,159	32,197
	C&I GasNetworks	\$11,464	\$1,538	\$84,651	\$42,664	\$4,998	\$8,457	\$153,771	5	1,705	55,276
	Commercial & Industrial Total	\$28,658	\$4,712	\$242,025	\$107,043	\$24,484	\$23,647	\$430,571	83	11,722	210,922
GRAND TOTAL		\$57,751	\$15,063	\$580,553	\$211,170	\$58,921	\$61,729	\$985,188	579	7,014	333,946

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January 1, 2011 - December 21, 2011

Table 2 - Reporting Year-End Actual Expenditures, Participation, Savings

Sector	Program	Internal Admin	External Admin	Rebates/ Services	Internal Implementation	Marketing	Evaluation	Budget Total	Participants/ # of Products	Annual MMBTU	Lifetime MMBTU
Residential											
	Home Performance w/ES	\$9,123	\$7,723	\$46,190	\$35,953	\$24,359	\$7,261	\$130,608	21	777	16,682
	Residential GasNetworks	\$11,451	\$10,913	\$103,850	\$33,402	\$7,135	\$5,206	\$171,957	200	200	44,935
	Residential Total	\$20,573	\$18,635	\$150,040	\$69,355	\$31,494	\$12,467	\$302,564	221	977	61,617
Low Income											
	Low Income Retrofit 1-4	\$5,417	\$4,544	\$68,215	\$19,154	\$750	\$1,909	\$99,989	106	1,458	23,857
	Low Income Total	\$5,417	\$4,544	\$68,215	\$19,154	\$750	\$1,909	\$99,989	106	1,458	23,857
Commercial & Industrial											
	Large C&I Custom	\$7,613	\$1,504	\$46,000	\$33,695	\$16,517	\$1,562	\$106,891	2	6,120	122,400
	Small C&I Custom	\$6,752	\$8,558	\$34,951	\$26,715	\$26,770	\$1,909	\$105,655	7	1,608	29,933
	Multifamily	\$8,107	\$10,057	\$58,225	\$29,149	\$0	\$2,777	\$108,314	44	3,482	73,669
	C&I GasNetworks	\$2,885	\$7,464	\$46,485	\$7,950	\$2,304	\$1,388	\$68,475	28	2,232	46,729
	Commercial & Industrial Total	\$25,356	\$27,583	\$185,661	\$97,509	\$45,591	\$7,636	\$389,336	81	13,442	272,731
GRAND TOTAL		\$51,347	\$50,762	\$403,915	\$186,018	\$77,835	\$22,011	\$791,889	408	15,877	358,204

Notes:

1) 3 SF projects and 103 MF units.

2) Adjustment for Carry-over from 2010:

Commercial & Industrial 2010 Over-Collection:
DE 10-188 Settlement Agreement, Attachment B

(\$162,479)

\$389,336

(\$162,479)

\$226,857

C&I Utility \$s for Performance Incentive Calculation

Exhibit A: Summary of Expenditures and Savings

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Table 3 - Variance Report (Budget - Actual)

Sector	Program	Internal Admin	External Admin	Rebates/ Services	Internal Implementation	Marketing	Evaluation	Budget Total	Participant Goal	Annual MMBTU	Lifetime MMBTU
Residential											
	Home Performance w/ES	\$6,402	-\$1,530	\$146,143	\$18,402	-\$1,723	\$11,316	\$179,009	426	3,954	69,649
	Residential GasNetworks	-\$4,120	-\$8,382	-\$25,491	-\$5,498	\$265	\$6,269	-\$36,957	(174)	1,293	(24,039)
	Residential Total	\$2,282	-\$9,912	\$120,651	\$12,904	-\$1,457	\$17,585	\$142,053	252	5,247	45,610
Low Income											
	Low Income Retrofit 1-4	\$820	-\$2,916	-\$378	\$2,714	\$3,650	\$6,121	\$10,011	(83)	(668)	(8,060)
	Low Income Total	\$820	-\$2,916	-\$378	\$2,714	\$3,650	\$6,121	\$10,011	(83)	(668)	(8,060)
Commercial & Industrial											
	Large C&I Custom	-\$1,554	-\$604	\$4,274	-\$10,558	-\$11,837	\$3,388	-\$16,891	3	(2,723)	(61,251)
	Small C&I Custom	\$410	-\$7,627	\$28,734	\$785	-\$19,839	\$3,681	\$6,145	4	1,853	32,368
	Multifamily	-\$4,133	-\$8,714	-\$14,810	-\$15,406	\$7,875	\$1,873	-\$33,314	18	(323)	(41,472)
	C&I GasNetworks	\$8,579	-\$5,926	\$38,166	\$34,714	\$2,693	\$7,069	\$85,295	(23)	(527)	8,547
	Commercial & Industrial Total	\$3,302	-\$22,871	\$56,364	\$9,535	-\$21,107	\$16,012	\$41,235	2	(1,720)	(61,809)
	GRAND TOTAL	\$6,404	-\$35,699	\$176,638	\$25,153	-\$18,914	\$39,718	\$193,299	171	(8,863)	(24,258)

Exhibit B: Summary of Benefits

Northern Utilities, Inc. d/b/a Unitil
Gas Energy Efficiency Report (DE 10-188)
January 1, 2011 - December 21, 2011

Planned TRC								
Sector	Program	TRC Benefit / Cost	Total Benefits (\$000)	Total Costs (\$000)	Program Implementation (\$000)	Customer Contribution (\$000)	Evaluation (\$000)	Shareholder Incentive (\$000)
A - Residential		1.7	\$1,138	\$668	\$415	\$188	\$30	\$36
	A03a Home Performance w/ES	1.2	\$228	\$198	\$124	\$52	\$11	\$11
	A04a Res GasNetworks	1.9	\$910	\$470	\$291	\$136	\$19	\$25
B - Low Income***		1.4	\$172	\$119	\$102	\$0	\$8	\$9
	B03a Low Income Retrofit 1-4	1.4	\$172	\$119	\$102	\$0	\$8	\$9
C - Commercial & Industrial		3.1	\$2,285	\$732	\$407	\$267	\$24	\$34
	C03a Large C&I Custom	4.6	\$678	\$147	\$85	\$50	\$5	\$7
	C03b Small C&I Custom	3.7	\$691	\$184	\$106	\$64	\$6	\$9
	C03C Multifamily	2.5	\$616	\$251	\$145	\$85	\$8	\$12
	C04a C&I GasNetworks	2.0	\$300	\$149	\$70	\$68	\$5	\$6
Grand Total		2.4	\$3,595	\$1,519	\$923	\$455	\$62	\$79

*** Reflects an increase of approximately \$54,000 to the low income program budget.

Actual TRC								
Sector	Program	TRC Benefit / Cost	Total Benefits (\$000)	Total Costs (\$000)	Program Implementation (\$000)	Customer Contribution (\$000)	Evaluation (\$000)	Shareholder Incentive (\$000)
A - Residential		1.5	\$658	\$431	\$290	\$104	\$12	\$24
	A03a Home Performance w/ES	1.1	\$191	\$177	\$123	\$39	\$7	\$7
	A04a Res GasNetworks	1.8	\$468	\$254	\$167	\$65	\$5	\$17
B - Low Income		2.5	\$266	\$106	\$98	\$0	\$2	\$6
	B03a Low Income Retrofit 1-4	2.5	\$266	\$106	\$98	\$0	\$2	\$6
C - Commercial & Industrial		3.2	\$2,615	\$827	\$382	\$399	\$8	\$39
	C03a Large C&I Custom	7.4	\$1,193	\$161	\$105	\$46	\$2	\$8
	C03b Small C&I Custom	1.3	\$293	\$224	\$104	\$108	\$2	\$10
	C03C Multifamily	2.4	\$691	\$285	\$106	\$162	\$3	\$14
	C04a C&I GasNetworks	2.8	\$439	\$157	\$67	\$82	\$1	\$7
Grand Total		2.7	\$3,539	\$1,364	\$770	\$503	\$22	\$69

Variance (Planned-Actual)								
Sector	Program	TRC Benefit / Cost	Total Benefits (\$000)	Total Costs (\$000)	Program Implementation (\$000)	Customer Contribution (\$000)	Evaluation (\$000)	Shareholder Incentive (\$000)
A - Residential		0.2	\$480	\$237	\$124	\$84	\$18	\$12
	A03a Home Performance w/ES	0.1	\$37	\$21	\$0	\$13	\$4	\$4
	A04a Res GasNetworks	0.1	\$442	\$216	\$124	\$71	\$13	\$8
B - Low Income		-1.1	(\$94)	\$13	\$4	\$0	\$6	\$3
	B03a Low Income Retrofit 1-4	-1.1	(\$94)	\$13	\$4	\$0	\$6	\$3
C - Commercial & Industrial		0.0	(\$330)	(\$95)	\$25	(\$131)	\$16	(\$5)
	C03a Large C&I Custom	-2.8	(\$514)	(\$14)	(\$20)	\$4	\$3	(\$1)
	C03b Small C&I Custom	2.4	\$399	(\$40)	\$2	(\$45)	\$4	(\$1)
	C03C Multifamily	0.0	(\$75)	(\$34)	\$40	(\$77)	\$6	(\$2)
	C04a C&I GasNetworks	-0.8	(\$139)	(\$8)	\$3	(\$14)	\$3	(\$1)
Grand Total		-0.3	\$56	\$155	\$154	(\$48)	\$40	\$10