

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Utilities Operations and Management Analysis Unit of the
Department of Public Utility Control:

We have performed the procedures enumerated below, which were agreed to by the Utilities Operations and Management Analysis of the Department of Public Utility Control (DPUC), solely to assist the DPUC in evaluating the internal control over financial reporting and the compliance with applicable laws and regulations on all financial aspects relative to the administration of Conservation and Load Management (C&LM) Fund during the year ended December 31, 2004. The electric distribution companies who administer the C&LM Programs, The Connecticut Light & Power Company (CL&P) and The United Illuminating Company (UI), are responsible for the internal control over financial reporting and the compliance with applicable laws and regulations on all financial aspects relative to the administration of the C&LM Fund.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

I. Understanding of the C&LM Fund, the Internal Controls Over Financial Reporting Relative to the Administration of the C&LM Fund and Regulatory Requirements in Administering the C&LM Fund.

1. We interviewed key personnel of the two electric distribution companies, The Connecticut Light & Power Company (CL&P) and The United Illuminating Company (UI), who administers the C&LM Fund and read documents to understand the energy efficiency programs, utility program administration, procedures for revenue collection and reporting of costs, and the electric distribution companies' operating environment and systems with respect to the revenue recognition process and the expense administration of the C&LM Fund.
2. We obtained a high-level understanding of the regulatory requirements with respect to the recording and reporting of C&LM Fund revenue and expenditures.
3. We obtained a high-level understanding of the internal audit environment of CL&P and UI.

II. Review of C&LM Fund Revenues

1. We obtained and read the process maps and narrative documentation of CL&P and UI with respect to C&LM Fund revenue recognition process.
2. We tested the C&LM Fund revenue recognition process by performing the following:
 - 2.1 We tested customer billings in each consumer category (i.e., residential, commercial and industrial) and determined that such billings were properly categorized as residential, commercial or industrial.

Finding: No exceptions noted.

- 2.2 We matched the C&LM rates to the rates established and authorized below as mandated in the Connecticut General Statute (CGS) 16-245m and the C.P.U.C.A. No. 362:

<u>Electric Distribution Company</u>	<u>C&LM Billing Rate</u>	<u>Period</u>
CL&P	\$0.3000/kWhr	January 1, 2004 to June 23, 2004
	\$0.1760/kWhr	June 24, 2004 to December 31, 2004
UI	\$0.3000/kWhr	January 1, 2004 to June 23, 2004
	\$0.1869/kWhr	June 24, 2004 to December 31, 2004

Finding: No exceptions noted.

2.3 We tested the reasonableness of the total revenues of C&LM Fund that was recognized by CL&P and UI during the year ended December 31, 2004 by using the formula below:

$$[\text{C\&LM Fund Revenue} = \text{Billed kWh} \times \text{Rate}]$$

Findings: The following summarizes our testing of the amount of C&LM Fund revenue recognized by CL&P and UI during the year ended December 31, 2004:

<u>Electric Distribution Company</u>	<u>C&LM Fund Revenue Per CL&P and Per UI</u>	<u>C&LM Fund Revenue Per Test</u>	<u>Difference</u>
CL&P	\$57,436,176	\$57,600,692	(\$164,516)
UI	<u>14,272,051</u>	<u>14,270,010</u>	<u>2,041</u>
	<u>\$71,708,227</u>	<u>\$71,870,702</u>	<u>\$162,475</u>

We noted a difference of approximately \$164,000 by CL&P. According to CL&P, the difference is due primarily to the following special provisions of the Connecticut Light and Power Company's Rate 35 of the Intermediate General Electric Service:

- Primary Metering – If the service is metered on the primary side of the transformers supplying the customer, 2% of the metered kilowatthours will be deducted in computing the bill.

- Facilities Ownership – If the service is taken at the property line and the Company is relieved of owning and maintaining all electrical distribution equipment on private property, except the metering equipment, a credit will be applied to the bill equal to \$0.20 per kW of the Distribution Demand billed.

We noted a nominal difference for UI.

- 2.4 We traced and matched the selected billing statements to the billing system of CL&P and UI through an online inquiry within their system.

Finding: No exceptions noted.

3. We agreed the amount of C&LM revenue reported by CL&P and UI to the DPUC on a monthly basis to the Monthly Sales and Revenue by Rate by Unbundled Component by Company Report of CL&P and to the Monthly Sales Electricity Report of UI.

Finding: No exceptions noted.

4. We recalculated the carrying cost on the unspent balance of the C&LM Fund during the year ended December 31, 2004 per Docket No. 03-11-01, Docket No. 03-07-02 and Docket No. 01-10-10, which required CL&P and UI to calculate the carrying cost or interest earned with respect to the C&LM Funds based on each of CL&P's and UI's average rate of return and the formula below:

a. Average Rate of Return:

Electric Distribution Company	Rate of Return	Basis
CL&P	11.67%	Final decision of the Rate Base Revenue Requirements Conversion Factor (RBRRCF) dated December 17, 2003, supported by Docket No. 03-07-02 (p. 67 and p. 147).
UI	8.41%	Weighted Average Cost of Capital Allowed is based on Docket 01-10-10, dated September 26, 2002.

b. Formula:

$$[\text{Carrying Cost} = \text{Unspent C\&LM Fund Balance} \times \text{Rate of Return}]$$

Findings: The following summarizes our testing of the carrying cost recognized by CL&P and UI during the year ended December 31, 2004:

Electric Distribution Company	Carrying Cost Per CL&P and Per UI	Carrying Cost Per Test	Difference
CL&P	\$2,970,486	\$2,946,205	\$24,281
UI	774,771	720,222	54,549
	<u>\$3,745,257.00</u>	<u>\$3,666,427.00</u>	<u>\$78,830.00</u>

We noted that our testing showed a lower amount of carrying cost compared to the calculation of CL&P and UI because of the following:

- The amount of Average Unspent C&LM Fund Balance used by CL&P as the basis for the calculation was higher by \$706,425 compared to our testing. This amount pertains to an adjustment made to the incentives paid during the year ended December 31, 2004 which was not incorporated by CL&P in calculating the carrying cost during the same period. Had we used the same amount of Average Unspent C&LM Fund Balance that CL&P used for our testing, the difference would have been nominal.

- UI made a true-up adjustment of \$53,791 to the carrying cost in March, 2004 to reflect an adjustment to the carrying cost on the Unspent C&LM Fund Balance of UI during the period from January 1, 2003 to February 28, 2004. The true-up adjustment was made as a result of a decision made by DPUC (i.e., Docket No. 03-11-01) to change the average rate of return for UI from 6.60% to 8.41%. The change in rate was retroactively applied against the Unspent C&LM Fund balance from January 1, 2003 to February, 2004. Had there been no true-up adjustment in March, 2004, the difference would have been nominal.

III. Review of C&LM Fund Expenditures

1. We obtained the EL-25 Schedule of Program Expenses of CL&P and UI during the year ended December 31, 2004 and summarized the expenditures below:

<u>Program</u>	<u>CL&P</u>	<u>UI</u>	<u>Total</u>
Residential	\$14,043,316	\$4,017,160	\$18,060,476
C&I	30,210,881	6,055,339	36,266,220
Education	391,093	632,897	1,023,990
Programs/ Requirements	1,131,295	181,599	1,312,894
Load Management	501,327	216,775	718,102
Renewable and RD&D	1,125,393	7,801	1,133,194
Administrative and Planning	6,430,910	2,451,849	8,882,759
Transfer to State Funds	9,600,000	2,400,000	12,000,000
<u>Total</u>	<u>\$63,434,215</u>	<u>\$15,963,420</u>	<u>\$79,397,635</u>

See Exhibit 1 for a detailed schedule of C&LM Fund program expenses.

A. Review of Incentives and Outside Services-Related Expenditures

1. We obtained a Schedule of Incentives and Outside Services - Related Expenditures by program of CL&P and UI during the year ended December 31, 2004 as summarized below:

<u>Program</u>	<u>CL&P</u>	<u>UI</u>	<u>Total</u>
Residential	\$12,842,916	\$3,265,553	\$16,108,469
C&I	27,767,170	4,917,032	32,684,202
Education	270,257	(55,756)	214,501
Programs			
Requirements	920,160	123,035	1,043,195
Load Management	135,784	17,715	153,499

<u>Program</u>	<u>CL&P</u>	<u>UI</u>	<u>Total</u>
Renewable and RD&D	1,049,775	-	1,049,775
Administrative and Planning	549,656	351,439	901,095
<u>Total</u>	<u>\$43,535,718</u>	<u>\$8,619,018</u>	<u>\$52,154,736</u>

See Exhibit 2 for a detailed Schedule of Incentives and Outside Services - Related Expenditures.

2. We reviewed the process maps and read the narrative documentations related to the Incentives and Outside Services-Related Expenditures of CL&P and UI and identified controls on this type of expenditures.
3. We tested a selected sample of Incentives and Outside Services-Related Expenditures of CL&P and UI and reviewed documents supporting payment of such expenditures to determine that they were proper based upon approved program plans for 2004.

Finding: No exceptions noted.

4. We tested a sample of Incentives and Outside Services-Related Expenditures invoices and determined that they were valid expenditures and the incentive payment calculations were reviewed and approved by authorized personnel at the appropriate level.

Finding: No exceptions noted.

5. We tested invoices and related supporting documents (i.e., Energy Efficiency Services Letter of Agreements) of CL&P

and UI to determine if they were properly cancelled by having them stamped "PAID."

Findings: Invoices and supporting documents were not properly cancelled by having them stamped "PAID." Management of CL&P and UI believes that their respective Accounts Payable Systems have computer controls that prevent processing of payment of invoices that have already been entered into the system, and such controls were working effectively.

CL&P Comments: CL&P's Accounts Payable computer system has appropriate controls in place to prevent the processing of duplicate invoices and invoices are stamped within the system. Specifically, when an invoice is paid, the system dates and stamps the invoice "Paid and Complete" on the Invoice Entry Panel within the system. As a mechanism to avoid duplicate payments, the system then performs a three-way match on Invoice Number, Invoice Date and Vendor Code and does not allow an invoice to be processed again if these three criteria match an invoice that has already been processed. CL&P believes that the proper controls are in place.

6. We traced the amount of Incentives and Outside Services-Related Expenditures from the Invoices and related supporting documents to the EL-25 Expense Report.

Finding: No exceptions noted.

B. Review of Payroll and Labor-Related Expenditures

1. We obtained a Schedule of Payroll and Other Labor-Related Expenditures by program of CL&P and UI during the year ended December 31, 2004 as summarized below:

Program	CL&P	UI	Total
Residential	\$463,885	\$479,418	\$943,303
C& I	1,343,985	947,206	2,291,191
Education	81,315	214,900	296,215
Programs/Requirements	62,200	-	62,200
Load Management	142,091	20,996	163,087
Renewable and RD&D	69,310	-	69,310
Administrative and Planning	1,632,659	647,691	2,280,350
Total	\$3,795,445	\$2,310,211	\$6,105,656

See Exhibit 3 for a detailed schedule of payroll and labor-related expenditures.

2. We obtained an understanding of the payroll and labor-related expenditures processes of CL&P and UI and identified controls on these expenditures.
3. On a test basis, we reviewed the controls on payroll and labor-related expenditures of CL&P and UI that were attributed to personnel who worked for the C&LM programs.

Finding: No exceptions noted.

4. We tested online Time Sheets of selected personnel of CL&P and manual copies of Time Sheets of selected personnel of UI and determined that they were properly reviewed and approved.

Finding: No exceptions noted.

5. We tested the distribution of time charges indicated in the Time Sheets of the selected personnel of CL&P and UI.

Finding: No exceptions noted.

6. We reviewed the processes of CL&P and UI in selecting the consultants to determine that they were in accordance with the respective policies of CL&P and UI.

Finding: No exceptions noted.

C. Review of Allocation of Overhead Costs

1. We obtained an understanding of CL&P's and UI's process of allocating overhead costs to each applicable C&LM program.
2. We reviewed the Energy Conservation Cost Allocations criteria of CL&P and UI for allocations of costs to each C&LM program.

3. We selected individual transactions, such as pension costs & benefits of UI and non-productive payroll & general service company overhead costs of CL&P, that were related to the allocation of costs from the EL-25 Expenses Report and on a test basis, we recalculated the allocation of such cost based on the allocation procedures of UI and CL&P.

Finding: No exceptions noted.

D. Review of Performance Management Fee

1. We obtained the Schedule of Performance Management Fee of CL&P and UI allocated to the C&LM programs during the year ended December 31, 2004 as summarized below:

<u>Program</u>	<u>CL&P</u>	<u>UI</u>	<u>Total</u>
Residential	\$1,274,491	\$266,921	\$1,541,412
C&I	1,792,253	326,238	2,118,491
Demand Reduction	39,828	-	39,828
Load Management and Power Factor	191,671	-	191,671
Other	652,182	102,320	754,502
2003 Performance Management Fee ^a	-	622,130 ^a	622,130
Total	\$3,950,425	\$1,317,609	\$5,268,034

^a We noted that the Performance Management Fee paid to UI during the year ended December 31, 2004 included the Performance Management Fee during the year ended December 31, 2003 as approved by DPUC per Docket No. 03-11-01. The Performance Management Fee paid to CL&P during the year ended December 31, 2004 was only for that same period.

2. We reviewed Docket No. 03-01-01, Docket No. 03-11-01 and Docket No. 03-11-01 PH02, which provided CL&P and UI a Performance Management Fee for the successful implementation of C&LM programs on an annual basis, noting calculation based on the following formula:

$$[\text{Incentive} = \text{Net C\&LM Fund Expenditures} \times \text{Pre-tax Incentive Rate}]$$

The Net C&LM Fund Expenditures represent the total C&LM program budgeted expenditures during the year ended December 31, 2004, net of the Budgeted Management Performance Fee, amount transferred to the State of Connecticut, audit budgeted expenses and budgeted amount paid to the Energy Conservation Management Board (ECMB).

The Pre-tax incentive rates vary depending on the percentage of performance achieved by CL&P and UI as summarized below:

<u>Performance %</u>	<u>Pre-tax Incentive Rate</u>
70 – 79	2%
80 – 89	3%
90 – 99	4%
100 – 109	5%
110 – 119	6%
120 – 129	7%
130 - above	8%

3. We obtained the Performance Management Fee calculation made by CL&P and UI and tested the factors (e.g., Lifetime kWh Savings, Peak kW Savings and US dollar translation of the Lifetime kWh Savings and Peak kW Savings) used by CL&P and

UI in determining the percentage rate of the performance achieved during the year ended December 31, 2004.

Finding: No exceptions noted.

4. We tested the Pre-tax Incentive Rate used by CL&P and UI in their calculation of the Performance Management Fee during the year ended December 31, 2004 and determined that they were proper based upon the percentage rate of performance achieved.

Finding: No exceptions noted.

5. We recalculated the Performance Management Fee in accordance with Docket No. 03-01-01, Docket No. 03-11-01 and Docket No. 03-11-01 PH02, and compared our testing to the calculation made by CL&P and UI.

Findings: The following summarizes our testing of the Performance Management Fee earned by CL&P and UI during the year ended December 31, 2004:

Electric Distribution Company	Performance Management Fee Per CL&P and Per UI	Performance Management Fee Per Test	Difference
CL&P	\$ 3,950,425	\$ 3,922,429	\$ 27,996
UI	<u>695,479</u>	<u>695,479</u>	-
	<u>\$ 4,645,904</u>	<u>\$ 4,617,908</u>	<u>\$ 27,996</u>

Our testing of the Performance Management Fee was based upon Docket No. 03-11-01 PH02.

CL&P's computation of the Performance Management Fee was based upon Docket No. 03-01-01 and Docket No. 03-11-01 and reflects actual expenditures and committed dollars only.

UI's computation of the Performance Management Fee was based upon Docket No. 03-11-01 PH02 and reflects budgeted expenditures only.

The Department of Public Utility Control should review Docket No. 03-11-01 PH02, Docket No. 03-01-01 and Docket No. 03-11-01 and issue a Compliance Order to clarify the computation of the Performance Management Fee.

CL&P Comments: CL&P calculated the performance incentive based on total expenditures (expended and committed dollars). Our last correspondence regarding this matter was Compliance Order #12 dated August 18, 2004 filed with the DPUC. This compliance contained the revised 2004 goals and budgets and calculated the performance incentive based on actual and committed expenditures. This methodology has been approved and affirmed by the Department in several dockets beginning with the initial C&LM Fund proceeding in 1999 (Docket No. 99-09-30). In the Department's various Decisions in the 2003 C&LM proceeding (Docket No. 03-11-01), the Department

contemplated using budget dollars as the basis of the calculation, but no compliance order was issued.

E. Review of Marketing, Materials, Supplies and Other Costs

1. We obtained the Schedule of Marketing, Materials, Supplies and Other Costs of CL&P and UI allocated to the C&LM programs during the year ended December 31, 2004 as summarized below:

<u>Program</u>	<u>CL&P</u>	<u>UI</u>	<u>Total</u>
Residential	\$736,515	\$272,189	\$1,008,704
C&I	1,099,726	191,101	1,290,827
Education	39,521	473,753	513,274
Programs/Requirements	148,935	58,564	207,499
Load Management	223,452	178,064	401,516
Renewable and Research, Development and Demonstration	6,308	7,801	14,109
Administrative and Planning	298,170	135,110	433,280
<u>Total</u>	<u>\$2,552,627</u>	<u>\$1,316,582</u>	<u>\$3,869,209</u>

See Exhibit 4 for a detailed schedule of marketing, materials, supplies and other costs.

2. On a test basis, we traced the marketing, materials, supplies and other expenses paid by CL&P and UI to invoices from the vendors.

Finding: No exceptions noted.

3. We traced the invoices tested to the corresponding Purchase Order, noting authorization of the expenditure by key personnel at the appropriate level.

Finding: No exceptions noted.

4. We reviewed the invoices tested, noting proper review, approval and authorization of payment by key personnel at the appropriate level.

Finding: No exceptions noted.

5. We traced the recording and distribution of the invoices tested to the appropriate C&LM program.

Finding: No exceptions noted.

F. Review of Committed / Contractual Obligations

1. We obtained an understanding of CL&P's process in determining committed or contractual obligations and noted that these commitments or obligations pertain to programs where customers/contractors have signed contracts for projects that required C&LM funding out of the 2004 program year budget but not yet completed and paid until 2005 or beyond.
2. We obtained the amount of committed expenditures of CL&P as of December 31, 2004, and noted that \$10,762,330 of the total committed expenditures of \$12,285,399, related to incentives committed to be paid to consumers in 2005 and beyond. The committed obligations of CL&P were distributed to the different C&LM programs as of December 31, 2004.

3. On a test basis, we reviewed the committed obligations of CL&P to pay incentives in 2005 and beyond to determine that they were properly supported with agreements (i.e., Energy Efficiency Services Letter of Agreements)

Findings: No exceptions noted.

* * * * *

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items of a financial statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Utilities Operations and Management Analysis Unit of the Department of Public Utility Control, and is not intended to be and should not be used by anyone other than these specified parties.

San Francisco, California

April 1, 2005

CONSERVATION AND LOAD MANAGEMENT (C&LM)
SCHEDULE OF C&LM FUND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2004

EXHIBIT 1

	Budget			Actual		
	CL&P	UI	TOTAL	CL&P	UI	TOTAL
RESIDENTIAL						
Residential Retail Lighting	\$ 3,300,000	\$ 956,428	\$ 4,256,428	\$ 4,393,056	\$ 869,471	\$ 5,262,527
ENERGY STAR Appliances (including Room AC)	900,000	405,480	1,305,480	1,451,136	397,812	1,848,948
Appliance Retirement (Refrigerators & Room AC)	3,500,000	2,045,321	5,545,321	1,446,975	867,421	2,314,396
Customer Initiated Projects	600,000	50,000	650,000	244,933	50,000	294,933
Total - Consumer Products	8,300,000	3,457,229	11,757,229	7,536,100	2,184,704	9,720,804
Residential New Construction	900,000	541,432	1,441,432	767,513	606,443	1,373,956
Residential Heating & Cooling	1,500,000	514,036	2,014,036	1,148,968	422,525	1,571,493
Low-income (Energy Care & WRAP)/UI Helps	4,250,000	773,149	5,023,149	4,590,735	803,488	5,394,223
Subtotal RESIDENTIAL	14,950,000	5,285,846	20,235,846	14,043,316	4,017,160	18,060,476
COMMERCIAL & INDUSTRIAL						
C&I LOST OPPORTUNITY						
Energy Conscious Construction/Energy Blueprint	6,250,000	2,241,158	8,491,158	7,287,449	1,889,475	9,176,924
Custom Services	7,600,000	-	7,600,000	7,192,209	-	7,192,209
Express Services (Cool Choice & Motors Only)	1,100,000	105,950	1,205,950	777,245	131,339	908,584
Total - Lost Opportunity	14,950,000	2,347,108	17,297,108	15,256,903	2,020,814	17,277,717
C&I LARGE RETROFIT						
C&I RFP	4,500,000	222,128	4,722,128	4,037,727	122,306	4,160,033
Energy Opportunities	-	2,207,126	2,207,126	-	2,258,606	2,258,606
O&M (RCx, BOC, RFP)	1,500,000	181,706	1,681,706	933,761	184,388	1,118,149
Municipal Energy & Schools	4,000,000	611,000	4,611,000	6,718,880	624,858	7,343,738
Total - C&I Large Retrofit	10,000,000	3,221,960	13,221,960	11,690,368	3,190,158	14,880,526
Small Business	3,000,000	922,604	3,922,604	3,263,610	844,367	4,107,977
Subtotal C&I	27,950,000	6,491,672	34,441,672	30,210,881	6,055,339	36,266,220
OTHER - EDUCATION						
SmartLiving Catalog	-	-	-	157,463	(5,000)	152,463
SmartLiving Center and Displays	53,000	478,085	531,085	61,520	369,977	431,497
e-smarts (K -12 Education)	210,000	319,466	529,466	61,542	223,286	284,828
Residential Audits - Non WRAP	35,000	-	35,000	14,317	-	14,317
Community Based Programs (SWCT)	250,000	95,641	345,641	96,251	44,634	140,885
Subtotal Education	548,000	893,192	1,441,192	391,093	632,897	1,023,990
OTHER - PROGRAMS/REQUIREMENTS						
Institute for Sustainable Energy (ECSU)	716,000	134,211	850,211	716,000	123,035	839,035
Energy Conservation Loan Fund	120,000	89,250	209,250	126,732	58,565	185,297
Heat Pump Water Heaters (Hot Shot/Wsaver)	250,000	-	250,000	148,853	-	148,853
C&LM Loan Defaults	316,000	5,000	321,000	139,710	(1)	139,709
Subtotal Programs/Requirements	1,402,000	228,461	1,630,461	1,131,295	181,599	1,312,894
OTHER - LOAD MANAGEMENT						
ISO Load Response Program Support	350,000	113,119	463,119	140,233	33,224	173,457
Demand Reduction	100,000	-	100,000	118,454	-	118,454
Power Factor	350,000	35,000	385,000	33,001	10,000	43,001
"Wait 'til 8"	209,000	175,000	384,000	209,639	173,551	383,190
Subtotal Load Management	1,009,000	323,119	1,332,119	501,327	216,775	718,102
OTHER - RENEWABLES & RD&D						
Renewables Incentives	50,000	190,000	240,000	7,898	1,770	9,668
Research, Development & Demonstration	1,200,000	121,860	1,321,860	1,117,495	6,031	1,123,526
Subtotal Renewables & RD&D	1,250,000	311,860	1,561,860	1,125,393	7,801	1,133,194
OTHER - ADMINISTRATIVE & PLANNING						
Administration	620,000	353,759	973,759	852,549	359,713	1,212,262
Planning and Evaluation	1,000,000	543,011	1,543,011	827,798	457,626	1,285,424
Information Technology	703,000	398,036	1,101,036	701,153	254,224	955,377
ECMB	299,000	172,781	471,781	98,985	62,677	161,662
Audit	90,000	60,000	150,000	-	-	-
Performance Management Fee	2,383,000	1,363,578	3,746,578	3,950,425	1,317,609	5,268,034
Admin/Planning Expenditures	5,095,000	2,891,165	7,986,165	6,430,910	2,451,849	8,882,759
PROGRAM SUB-TOTALS						
Residential	14,950,000	5,285,846	22,520,288	14,043,316	4,017,160	18,060,476
C&I	27,950,000	6,491,672	35,710,791	30,210,881	6,055,339	36,266,220
Other	9,304,000	4,647,797	10,398,236	9,580,018	3,490,921	13,070,939
TOTAL C&LM BUDGET	52,204,000	16,425,315	68,629,315	53,834,215	13,563,420	67,397,635
Transfer to State Fund	9,600,000	2,400,000	12,000,000	9,600,000	2,400,000	12,000,000
GRAND TOTAL	\$ 61,804,000	\$ 18,825,315	\$ 80,629,315	\$ 63,434,215	\$ 15,963,420	\$ 79,397,635

CONSERVATION AND LOAD MANAGEMENT (C&LM)
SCHEDULE OF C&LM FUND INCENTIVES AND OUTSIDE SERVICES BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2004

EXHIBIT 2

	CL&P	UI	TOTAL
RESIDENTIAL			
Residential Retail Lighting	\$ 4,202,453	\$ 664,772	\$ 4,867,225
ENERGY STAR Appliances (including Room AC)	1,400,189	315,432	1,715,621
Appliance Retirement (Refrigerators & Room AC)	1,245,917	715,858	1,961,775
Customer Initiated Projects	225,291	50,000	275,291
Total - Consumer Products	7,073,850	1,746,062	8,819,912
Residential New Construction	621,660	488,678	1,110,338
Residential Heating & Cooling	1,116,652	346,585	1,463,237
Low-income (Energy Care & WRAP)/UI Helps	4,030,754	684,228	4,714,982
Subtotal RESIDENTIAL	12,842,916	3,265,553	16,108,469
COMMERCIAL & INDUSTRIAL			
C&I LOST OPPORTUNITY			
Energy Conscious Construction/Energy Blueprint	6,826,054	1,496,204	8,322,258
Custom Services	6,498,920	-	6,498,920
Express Services (Cool Choice & Motors Only)	629,701	129,243	758,944
Total - Lost Opportunity	13,954,675	1,625,447	15,580,122
C&I LARGE RETROFIT			
C&I RFP	3,920,574	98,820	4,019,394
Energy Opportunities	-	1,857,619	1,857,619
O&M (RCx, BOC, RFP)	841,204	167,150	1,008,354
Express (Lighting Rebate)	-	-	-
Municipal Energy & Schools	6,567,178	565,423	7,132,601
Total - C&I Large Retrofit	11,328,956	2,689,012	14,017,968
Small Business	2,483,539	602,573	3,086,112
Subtotal C&I	27,767,170	4,917,032	32,684,202
OTHER - EDUCATION			
SmartLiving Catalog	148,716	-	148,716
SmartLiving Center and Displays	43,971	6,358	50,329
eesmarts (K -12 Education)	50,947	(62,721)	(11,774)
Residential Audits - Non WRAP	9,445	-	9,445
Community Based Programs (SWCT)	17,178	607	17,785
Subtotal Education	270,257	(55,756)	214,501
OTHER - PROGRAMS/REQUIREMENTS			
Institute for Sustainable Energy (ECSU)	716,000	123,035	839,035
Energy Conservation Loan Fund	122,781	-	122,781
Heat Pump Water Heaters (Hot Shot/Wsaver)	81,379	-	81,379
C&LM Loan Defaults	-	-	-
Subtotal Programs/Requirements	920,160	123,035	1,043,195
OTHER - LOAD MANAGEMENT			
ISO Load Response Program Support	14,180	17,715	31,895
Demand Reduction	106,891	-	106,891
Power Factor	14,713	-	14,713
"Wait 'til 8"	-	-	-
Subtotal Load Management	135,784	17,715	153,499
OTHER - RENEWABLES & RD&D			
Renewables Incentives	2,781	-	2,781
Research, Development & Demonstration	1,046,994	-	1,046,994
Subtotal Renewables & RD&D	1,049,775	-	1,049,775
OTHER - ADMINISTRATIVE & PLANNING			
Administration	93,005	116,788	209,793
Planning and Evaluation	233,485	46,738	280,223
Information Technology	135,367	125,277	260,644
ECMB	87,799	62,636	150,435
Audit	-	-	-
Performance Management Fee	-	-	-
Admin/Planning Expenditures	549,656	351,439	901,095
PROGRAM SUB-TOTALS			
Residential	12,842,916	3,265,553	16,108,469
C&I	27,767,170	4,917,032	32,684,202
Other	2,925,632	436,433	3,362,065
TOTAL C&LM BUDGET	43,535,718	8,619,018	52,154,736
Transfer to State Fund	-	-	-
GRAND TOTAL	\$ 43,535,718	\$ 8,619,018	\$ 52,154,736

CONSERVATION AND LOAD MANAGEMENT (C&LM)
SCHEDULE OF C&LM FUND LABOR BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2004

EXHIBIT 3

	CL&P	UI	TOTAL
RESIDENTIAL			
Residential Retail Lighting	\$ 75,229	\$ 86,459	\$ 161,688
ENERGY STAR Appliances (including Room AC)	23,966	30,925	54,891
Appliance Retirement (Refrigerators & Room AC)	75,049	76,700	151,749
Customer Initiated Projects	8,570	-	8,570
Total - Consumer Products	182,814	194,084	376,898
Residential New Construction	33,217	97,178	130,395
Residential Heating & Cooling	28,471	70,909	99,380
Low-income (Energy Care & WRAP)/UI Helps	219,383	117,247	336,630
Subtotal RESIDENTIAL	463,885	479,418	943,303
COMMERCIAL & INDUSTRIAL			
C&I LOST OPPORTUNITY			
Energy Conscious Construction/Energy Blueprint	384,432	324,848	709,280
Custom Services	326,062	-	326,062
Express Services (Cool Choice & Motors Only)	95,502	-	95,502
Total - Lost Opportunity	805,996	324,848	1,130,844
C&I LARGE RETROFIT			
C&I RFP	102,902	19,286	122,188
Energy Opportunities	-	337,220	337,220
O&M (RCx, BOC, RFP)	59,979	17,238	77,217
Express (Lighting Rebate)	-	-	-
Municipal Energy & Schools	142,215	56,274	198,489
Total - C&I Large Retrofit	305,096	430,018	735,114
Small Business	232,893	192,340	425,233
Subtotal C&I	1,343,985	947,206	2,291,191
OTHER - EDUCATION			
SmartLiving Catalog	4,934	-	4,934
SmartLiving Center and Displays	2,820	99,140	101,960
eesmarts (K -12 Education)	6,660	91,727	98,387
Residential Audits - Non WRAP	1,134	-	1,134
Community Based Programs (SWCT)	65,767	24,033	89,800
Subtotal Education	81,315	214,900	296,215
OTHER - PROGRAMS/REQUIREMENTS			
Institute for Sustainable Energy (ECSU)	-	-	-
Energy Conservation Loan Fund	-	-	-
Heat Pump Water Heaters (Hot Shot/Wsaver)	62,200	-	62,200
C&LM Loan Defaults	-	-	-
Subtotal Programs/Requirements	62,200	-	62,200
OTHER - LOAD MANAGEMENT			
ISO Load Response Program Support	114,840	20,996	135,836
Demand Reduction	9,406	-	9,406
Power Factor	17,406	-	17,406
"Wait 'til 8"	439	-	439
Subtotal Load Management	142,091	20,996	163,087
OTHER - RENEWABLES & RD&D			
Renewables Incentives	1,269	-	1,269
Research, Development & Demonstration	68,041	-	68,041
Subtotal Renewables & RD&D	69,310	-	69,310
OTHER - ADMINISTRATIVE & PLANNING			
Administration	650,466	207,427	857,893
Planning and Evaluation	507,887	407,748	915,635
Information Technology	474,306	32,516	506,822
ECMB	-	-	-
Audit	-	-	-
Performance Management Fee	-	-	-
Admin/Planning Expenditures	1,632,659	647,691	2,280,350
PROGRAM SUB-TOTALS			
Residential	463,885	479,418	943,303
C&I	1,343,985	947,206	2,291,191
Other	1,987,575	883,587	2,871,162
TOTAL C&LM BUDGET	3,795,445	2,310,211	6,105,656
Transfer to State Fund	-	-	-
GRAND TOTAL	\$ 3,795,445	\$ 2,310,211	\$ 6,105,656

CONSERVATION AND LOAD MANAGEMENT (C&LM)
SCHEDULE OF C&LM FUND OTHER COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

EXHIBIT 4

	Materials and Supplies	Contractor Labor	Marketing	Other	Interest Expense	Employee's Expense	NEEP	TOTAL
RESIDENTIAL								
Residential Retail Lighting	\$ 70,961	\$ 9,303	\$ 105,436	\$ 3,891	\$ -	\$ 3,429	\$ 40,594	\$ 233,614
ENERGY STAR Appliances (including Room AC)	766	26,243	47,312	3,941	-	174	-	78,436
Appliance Retirement (Refrigerators & Room AC)	1,643	65,583	126,000	6,098	-	1,548	-	200,872
Customer Initiated Projects	2,826	7,807	439	-	-	-	-	11,072
Total - Consumer Products	76,196	108,936	279,187	13,930	-	5,151	40,594	523,994
Residential New Construction	4,110	4,416	114,294	7,599	-	2,804	-	133,223
Residential Heating & Cooling	571	3,738	1,840	2,620	-	107	-	8,876
Low-income (Energy Care & WRAP)/UI Helps	61,680	265,662	-	8,044	-	7,225	-	342,611
Subtotal RESIDENTIAL	142,557	382,752	395,321	32,193	-	15,287	40,594	1,008,704
COMMERCIAL & INDUSTRIAL								
C&I LOST OPPORTUNITY								
Energy Conscious Construction/Energy Blueprint	8,009	20,552	82,715	26,823	-	7,287	-	145,386
Custom Services	9,052	309,731	15,256	15,961	-	17,227	-	367,227
Express Services (Cool Choice & Motors Only)	7,393	4,425	2,614	3,740	-	2,494	40,594	61,260
Total - Lost Opportunity	24,454	334,708	100,585	46,524	-	27,008	40,594	573,873
C&I LARGE RETROFIT								
C&I RFP	8,886	1,383	5,282	2,491	-	409	-	18,451
Energy Opportunities	2,296	-	50,458	11,013	-	-	-	63,767
O&M (RCx, BOC, RFP)	164	21,575	9,605	288	-	946	-	32,578
Municipal Energy & Schools	1,290	4,638	2,200	3,597	-	922	-	12,647
Total - C&I Large Retrofit	12,636	27,596	67,545	17,389	-	2,277	-	127,443
Small Business	2,098	66,834	33,813	14,019	468,713	4,033	-	589,510
Subtotal C&I	39,188	429,138	201,943	77,932	468,713	33,318	40,594	1,290,826
OTHER - EDUCATION								
SmartLiving Catalog	75	3,738	(5,000)	-	-	-	-	(1,187)
SmartLiving Center and Displays	11,277	46,187	89,318	132,365	-	61	-	279,208
eemarks (K -12 Education)	4,296	85,521	102,350	5,851	-	197	-	198,215
Residential Audits - Non WRAP	-	3,738	-	-	-	-	-	3,738
Community Based Programs (SWCT)	1,619	6,760	15,980	5,812	-	3,129	-	33,300
Subtotal Education	17,267	145,944	202,648	144,028	-	3,387	-	513,274
OTHER - PROGRAMS/REQUIREMENTS								
Institute for Sustainable Energy (ECSU)	-	-	-	-	-	-	-	3,951
Energy Conservation Loan Fund	-	3,951	-	58,565	-	-	-	63,401
Heat Pump Water Heaters (Hot Shot/Wsaver)	1,098	3,738	-	286	-	152	-	438
C&LM Loan Defaults	-	-	-	139,710	-	-	-	139,710
Subtotal Programs/Requirements	1,098	7,689	-	198,561	-	152	-	207,500
OTHER - LOAD MANAGEMENT								
ISO Load Response Program Support	734	8,201	439	(4,438)	-	790	-	5,726
Demand Reduction	-	-	1,751	406	-	-	-	2,157
Power Factor	-	714	10,000	168	-	-	-	10,882
"Wait 'til 8"	-	-	382,751	-	-	-	-	382,751
Subtotal Load Management	734	8,915	394,941	(3,864)	-	790	-	401,516
OTHER - RENEWABLES & RD&D								
Renewables Incentives	-	3,738	1,880	-	-	-	-	5,618
Research, Development & Demonstration	49	-	-	6,035	-	2,407	-	8,491
Subtotal Renewables & RD&D	49	3,738	1,880	6,035	-	2,407	-	14,109
OTHER - ADMINISTRATIVE & PLANNING								
Administration	34,214	47,734	7,684	20,969	-	33,975	-	144,576
Planning and Evaluation	421	80,780	-	3,381	-	4,984	-	89,566
Information Technology	53,652	52,610	-	80,825	-	824	-	187,911
ECMB	2,552	-	8,630	13	-	32	-	11,227
Audit	-	-	-	-	-	-	-	-
Performance Management Fee	-	-	-	-	-	-	-	-
Admin/Planning Expenditures	90,839	181,124	16,314	105,188	-	39,815	-	433,280
PROGRAM SUB-TOTALS								
Residential	142,557	382,752	395,321	32,193	-	15,287	40,594	1,008,704
C & I	39,188	429,138	201,943	77,932	468,713	33,318	40,594	1,290,826
Other	109,938	343,672	613,903	443,913	-	44,144	-	1,555,570
TOTAL C&LM BUDGET	291,683	1,155,562	1,211,167	554,038	468,713	92,749	81,188	3,855,100
Transfer to State Fund	-	-	-	-	-	-	-	-
GRAND TOTAL	\$ 291,732	\$ 1,159,300	\$ 1,213,047	\$ 560,073	\$ 468,713	\$ 95,156	\$ 81,188	\$ 3,869,209