



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

GARY HERBERT
Governor
GREGORY S. BELL
Lieutenant Governor

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Energy Section
Marlin H. Barrow, Technical Consultant
Artie Powell, Manager

Date: September 1, 2009

Subject: Action Request, QGC DSM Program Increase Request, Docket No. 08-057-22

ISSUE:

On June 30, 2009 Questar Gas Company (QGC) submitted a letter to the Utah Public Service Commission (Commission) requesting Commission approval of funding in the amount of \$40,656,445 for the 2009 DSM programs. The Division of Public Utilities (Division) received an Action Request, dated August 18, 2009, requesting an investigation of the requested increase. This memo is in response to that request.

RECOMMENDATION:

The Division has three recommendations:

1. Interim approval of the requested \$40.7 million.
2. QGC provide an updated projection of the total 2009 DSM programs with actual results through August 31, 2009 as soon as possible.
3. QGC provide the Division with monthly updates of expenditures in the ThermWise Weatherization and Multi-Family programs for the remainder of the year.

DISCUSSION:

In a letter to the PSC dated June 30, 2009, QGC projected total 2009 spending of \$40.7 million for all DSM programs. In August, QGC provided the Division with the 2nd Quarter year-to-date (YTD) results report for the DSM programs. The following table compares the 2009 Budget as filed in Docket No. 08-057-22 (Cols B-C), June YTD actual costs from the 2nd Quarter Results report furnished to the Division in August (Cols D-E) and the revised 2009 projected costs as contained in QGC's June 30th letter to the Commission (Cols F-G). Columns H and I show the variance between the forecast in the June 30th letter and the 2009 budget.

	A	B	C	D	E	F	G	H	I
								(Col F-B)	(Col G-C)
1		2009	Budget	YTD	Cost/Dth	Projected	Cost/Dth	Proj Cost	Cost/Dth
2		Budget	Cost/Dth Saved	Actual Costs	Saved	Costs	Saved	Over/(Under)	Saved
3								Budget	Over/(Under)
4		(000)		(000)		(000)		(000)	Budget
5	ThermWise Appliance	\$ 5,067.0	\$ 41.43	\$ 2,680.1	\$ 36.49	\$ 5,066.9	\$ 33.88	\$ (0.1)	\$ (7.55)
6	ThermWise Multi-family	2,090.9	\$ 99.33	3,077.2	66.36	3,755.0	78.21	1,664.1	(21.12)
7	ThermWise Builder	2,260.9	\$ 54.16	1,134.3	41.25	1,788.2	32.74	(472.7)	(21.42)
8	ThermWise Business	737.4	\$ 18.68	297.9	20.58	666.8	15.02	(70.6)	(3.66)
9	ThermWise Custom Business	294.6	\$ 49.01	22.8	24.92	207.6	34.55	(87.0)	(14.47)
10	ThermWise Audit	647.8	\$ 66.79	351.3	68.69	648.5	58.36	0.7	(8.43)
11	ThermWise Weatherization	4,922.9	\$ 61.37	21,980.2	64.25	26,757.7	57.90	21,834.8	(3.47)
12	Market Transformation	1,265.8	NA	743.6	NA	1,265.8	NA	0.0	NA
13	Low Income Weatherization	500.0	NA	250.0	NA	500.0	NA	-	NA
14	Total 2009 Budget	\$ 17,787.3	\$ 55.50	\$ 30,537.4	\$ 59.89	\$ 40,656.4	\$ 52.40	\$ 22,869.2	\$ (3.10)

In the June 30th letter, QGC projected the ThermWise Weatherization Program total spending for the year to be \$26.8 million (Col F, ln 11). The letter also showed that the May 31, 2009 YTD actual expense was \$17.2 million for Weatherization, approximately 64% of the revised projected annual expense of \$26.8 million. In the 2nd Quarter results report that QGC provided to the Division, the Weatherization spending, as of June, increased by \$4.8 million over May's amount to a total of \$22.0 million. Based on the forecast provided in the June 30th letter to the Commission, there is only \$4.8 million left to spend during the next six months in the Weatherization Program before reaching its total projected costs of \$26.8 million.

If \$4.8 million was spent in June alone for QGC's Weatherization Program, the Division believes the current estimate of \$26.8 million for the total year may be understated. Since Rocky Mountain Power's reduced rebates for insulation became effective July 1, QGC's June results may still show the effects of Rocky Mountain's higher rebates. The Division feels it would be prudent to have an updated forecast with August actual results in order to gain a better

understanding of the insulation activity with the reduced rebate amounts from both utilities in place. The updated forecast should also provide the forecast at the program measure level rather than just the total for each program as was provided in the June 30th letter. After receiving the new forecast, the Division will be better able to recommend either making the interim approval final or revising the approved budget as appropriate.

The Division does note that based on the forecast provided in the June 30th letter, all of the programs with the exception of the Audit, Weatherization and Multi-Family are expected to be just under the 2009 budget as shown in column H of the above table.

Because of the overwhelming acceptance of the insulation measures in the Weatherization and Multi-Family programs, the Division also requests QGC provide the Division with monthly updates of the actual costs in these two programs for the remainder of the year.

Cc: Barrie McKay, Questar Gas Company
 Dan Dent, Questar Gas Company
 Michele Beck, Office of Consumer Services
 Rea Petersen, DPU Customer Service
 Francine Giani, Department of Commerce