



GARY HERBERT.
Governor
GREG BELL
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

ACTION REQUEST RESPONSE

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Marlin H. Barrow, Technical Consultant
Doug Wheelwright, Utility Analyst
Artie Powell, Manager

Date: December 31, 2012

Subject: Docket No. 12-057-14, 2013 EE Programs and Market Transformation Initiative.

ISSUE

On December 21, 2012, Questar Gas Company (QGC) filed an application with the Utah Public Service Commission (Commission) in Docket No. 12-057-14 addressing DSM Advisory Group Consensus Items. On December 27, 2012 the Commission issued an Action Request to the Division to review the filing and make recommendations. This is the Division of Public Utilities (Division) response to that Action Request.

RECOMMEND APPROVAL

The Division has reviewed the Application and recommends to the Commission approval of the amended Section 1.6, pages 1 and 2 of QGC's 2013 EE Budget application originally submitted on October 17, 2012 as well as the revised tariff sheet Section 2.15 of QGC' Utah Natural Gas Tariff PSCU 400.

DISCUSSION

In Docket No. 12-057-14, the Division filed comments with the Commission on November 15, 2012 recommending the Commission approve the 2013 EE Budget of \$22.8 million as filed. On November 16, 2012, the Office of Consumer Services (OCS) filed comments and on November 19, 2012, the Salt Lake Community Action Program (SLCAP). Both the OCS and SLCAP raised issues about QGC's filing and requested that the Commission delay approval of the application until those issues could be addressed. In response to those issues raised, QGC convened a DSM Advisory Group meeting on December 13, 2012 which the Division attended.

SLCAP expressed a concern that (1) the State Weatherization Implementation Agencies have had difficulties meeting the current tariff requirement that all work must be completed by licensed contractors. QGC has revised the 2013 Budget Application Exhibit 1.6 to grant a temporary waiver to the Implementation Agencies until June 30, 2013 to give them time obtain the correct licenses required by the tariff. The Division recommended they also revise Section 2.15 of their tariff to list the Implementation Agencies that have been granted a waiver and to make the language consistent with the change to the 2013 Budget Application. (2) A concern that the overhead costs in the proposed budget were too high. The Company explained the budgeted costs are variable, depending on the number of rebates processed and that the initial set-up costs associated with the implementation of the abbreviated rebate processing came in below budget. (3) A concern in the delay in the development of the abbreviated rebate process for the Implementation Agencies. QGC indicated this issue has been resolved and that processing of rebates for the two agencies that have qualified as contractors had been completed. (4) A concern in an inconsistency between the language of Exhibit 1.6 of the Budget filing and the language in Section 2.15 of QGC tariff concerning the inclusion of rebates for appliances which has been addressed by this filing. (5) A concern regarding the newly proposed Low-Income Senior Audit Pilot program red tagging some appliances which may tax the Agencies abilities to replace those appliances in a timely manner due to funding and manpower restrictions. QGC will provide reports on red-tagged incidents to the agencies and agreed to coordinate efforts between QGC and the Agencies to monitor the program.

The OCS also expressed concern about (1) the delay in the development of the abbreviated rebate process for the Implementation Agencies and (2) the ThermWise Market Transformation Budget. In response to concern (2), QGC will dedicate an Advisory Group meeting to discuss in detail past Market Transformation activities and results and provide more detail in future budget filings of the Market Transformation costs and the preferred method of reporting these costs.

RECOMMENDATION

The Division believes the issues raised by the OCS and SLCAP have been adequately addressed with this filing and therefore recommends the Commission approve the 2013 EE Budget with the changes provided in this filing as well as the revised Section 2.15 of QGC Tariff as provided the filing.

Cc: Barrie Mckay, Questar Gas Company
 Mike Orton, Questar Gas Company
 Michele Beck, Office of Consumer Services
 Danny Martinez, Office of Consumer Services
 Betsy Wolf, SLCAP