



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Carolyn Roll, Utility Analyst

Date: September 3, 2013

Re: **In the Matter of the Application of Questar Gas Company for Approval of the 2013 Year Budget for Energy Efficiency Program and Market Transformation Initiative**

Docket No. 12-057-14

RECOMMENDATION (APPROVAL)

The Division recommends that the Commission approve Questar Gas Company's (Company or QGC) request to increase the 2013 Energy Efficiency program budget level.

ISSUE

On July 31, 2013, the Company filed with the Utah Public Service Commission (Commission) a letter reporting to the Commission that the 2013 Energy Efficiency (EE) ThermWise Weatherization Program has exceeded its 2013 EE budget that was approved in Docket No. 12-057-14. On August 27, 2013 the Commission issued a Notice of Filing and Comment Period for interested parties to submit comments on or before September 3, 2013 with reply comments submitted on or before September 10, 2013.

DISCUSSION

The Commission's Order in Docket 05-057-T01 dated January 16, 2007 states the following:

Questar shall report to the Commission when the amount spent for any program reaches ninety percent of the budgeted amount, along with an estimate of the projected spending needed for the remainder of the year. To the extent the projected spending exceeds the original budgeted amount Questar must seek Commission approval for the higher projected levels of spending.

Questar has complied with the Commission's Order and filed what appears to be a request to increase the 2013 EE Budget along with an estimate of projected spending.

As explained in the letter submitted by QGC, the 2013 ThermWise Weatherization Program reached 105% of its 2013 budget by the end of June 2013 due in large part to attic insulation rebate measures. By the end of June 2013, the ThermWise Weatherization Program spent \$8.565 million. The Company projects that the Weatherization Program could reach \$16.4 million by the end of the year which is 200% of its 2013 budget. As noted in the Company's letter to the Commission, the total expected expenditure for all of the 2013 EE programs is projected to reach 136% or approximately \$30.996 million for the 2013 program year. This is approximately \$8.205 million over the budget approved by the Commission in Docket No. 12-057-14. The increase in program expenditures has a corresponding increase in 2013 EE program savings estimated at 139% above the 2013 EE savings forecast.

The Commission approved EE budgets for 2010, 2011 and 2012 were \$36.1million, \$32.2 million and \$28.3 million respectively. The Company's revised 2013 EE Budget of \$31 million is in line with the three previous budget years.

Even though the Weatherization Program has already exceeded its 2013 program budget, the other programs are expected to finish 2013 at or below Commission approved budget levels as shown in Column I of Table 1.

Also, as shown in Column H of Table 1, the Total Resource Cost (TRC) benefit cost ratio for all programs is 1.1 with the Weatherization Program at 1.2. Not all programs meet or exceed a TRC benefit cost ratio however, these programs are beneficial in reducing costs to the Company as the Utility Cost Test (UCT) benefit cost ratio for all of the ThermWise EE programs is 1.4.

Table 1

Questar Gas Company										
Energy Efficiency Report - Utah Programs										
As of June 30, 2013										
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		2nd Quarter 2013			Total 2013					
		Actual		Actual	Estimated	Dth	Actual	Budget	TRC	% of
Line #	Program	Participants	Costs	Participants	Participants	Savings*	Costs	Budget	B/C Ratio	Budget
1	ThermWise Appliance Rebates	4,629	\$ 1,157,116	9,836	16,859	82,720	\$ 2,641,736	\$ 5,363,360	1.4	49.3%
2	ThermWise Builder Rebates	1,721	749,123	3,889	6,491	29,442	1,476,682	2,753,002	0.7	53.6%
3	ThermWise Business Rebates	205	254,831	503	953	40,378	875,720	1,595,770	1.7	54.9%
4	ThermWise Home Energy Plan	734	164,574	1,544	2,588	15,660	304,144	852,927	1.8	35.7%
5	ThermWise Weatherization Rebates	20,339	4,548,378	45,044	58,522	153,706	8,563,564	8,192,062	1.2	104.5%
6	ThermWise Business Custom Rebates	-	50,974	6	50	4,871	226,533	823,602	0.9	27.5%
7	Market Transformation	N/A	252,329	N/A	N/A	N/A	746,581	1,991,813	N/A	37.5%
8	Low Income Weatherization	269	55,174	370	3,382	2,050	315,805	1,218,599	0.3	25.9%
9	Programs Total	27,897	\$ 7,232,500	61,192	88,845	328,826	\$ 15,150,765	\$ 22,791,135	1.1	66.5%

CONCLUSION

Based on the increased participation in the ThermWise Weatherization program, specifically the attic insulation measure, the Company anticipates the 2013 EE Budget to be 136% of the original requested budget. The Division has estimated this amount to be \$31 million. The Division has reviewed the Company's request to increase the budget and recommends that the Commission approve the Company's request. The Division is recommending that \$31 million be established as the new budget with the same caveat as stated above in the Commission's Order in Docket 05-057-T01 that any anticipated increase be brought before the Commission for approval.

CC Barrie L. McKay, Questar Gas Company
Michael Orton, Questar Gas Company
Michele Beck, Office of Consumer Services
Service List