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Department of Commerce

Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Brenda Salter, Technical Consultant

Date: January 30, 2013

Subject: Audit of Questar DSM Program Expenditures, Docket No. 12-057-16

ISSUE

Questar Gas Company (Questar or Company) filed on November 1, 2012 an application with the Public Service Commission (Commission) to move the Energy Efficiency amortization balance from \$30 million to \$24.4 million which will allow the balance to be near zero within next three years.

On November 9, 2012, the Division of Public Utilities (Division or DPU) issued a response to the Commission's Action Request recommending the Commission grant this amortization rate on an interim basis until the Division has had adequate opportunity to review and audit the entries to insure proper accounting has been recorded for the spent dollars. This memorandum reports on our audit.

RECOMMENDATION

The Division performed an audit of Questar's actual DSM program expenditures for the period July 2012 through September 2012. The Division recommends approval of the Company's application at this time.

DISCUSSION

An audit was performed to verify actual DSM program expenditures for the three month period ending September 30, 2012. The audit consisted of reviewing actual expenditure invoices for chosen expenditure types under various DSM projects identified in the *DSM Program Expenditure Report*, Exhibit 1.2 page 2 of 2 filed with the Company's application.

BACKGROUND

Projects included in the DSM program include Thermwise Home Energy Audit, Thermwise Builder Rebates, Thermwise Appliance Rebates, Thermwise Business Rebates, DSM Market Transformation, Low Income Weatherization, Thermwise Weatherization Rebates, and Thermwise Business Custom Rebates. Questar contracted with Portland Energy Conservation, Inc. (PECI), Helgeson Enterprises, and Nexant, Inc. (Nexant) to administer the rebate programs. Questar contracted with Richter⁷ and PECI to administer the media campaign.

AUDIT

The audit was conducted to verify a sampling of actual amounts listed on the *DSM Program Expenditure Report*. The review consisted of a review of three months of expenses, July 2012 through September of 2012. In DPU data request 1.1, Questar provided the Division with a report detailing all expenses in each DSM program for the three month period. The Division reviewed this report, and out of each DSM program a sampling of invoices and/or supporting documentation was requested for review. Questar supplied copies of applicable documentation, invoices and/or schedules to support expenses reviewed. The documentation was verified and reconciled to the amounts presented on Questar Exhibit 1.2, Page 2 of 2 filed with the Company's application.

The Division's review of the DSM expenditures for the period noted above revealed several expenses incorrectly coded to the Utah ThermWise program totaling approximately \$1,093. These expenses should have been coded to the Wyoming ThermWise program. The Company's response to DPU DR 5.01 provided the correcting entries verifying the removal of these expenses from the Utah ThermWise program. These adjusting entries were completed in December 2012 business.

CONCLUSION

The Division has reviewed the actual DSM expenditures through September 30, 2012 as presented in Questar Docket No. 12-057-16, Exhibit 1.2, page 2 of 2 and recommends the requested rate changes be made final.

Cc: Barrie McKay, Questar Gas Company
Michele Beck, Office of Consumer Services
Marlin Barrow, Division of Public Utilities