

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar)
Gas Company for Approval of the 2014 Year) DOCKET NO. 13-057-14
Budget for Energy Efficiency Programs and) REPORT AND ORDER
Market Transformation Initiative)

ISSUED: January 2, 2014

PROCEDURAL HISTORY

This matter is before the Commission on Questar Gas Company's ("QGC") October 16, 2013, Application for Approval of the 2014 Year Budget for Energy Efficiency Programs and Market Transformation Initiative ("Application"). QGC's Application contains a description of the proposed energy efficiency programs and budget ("Program"). QGC's Application requests approval of costs associated with the delivery and evaluation of proposed energy efficiency programs, specified changes to programs, and proposed tariff sheets.

In the Application, QGC proposes to continue the following Energy Efficiency Programs:

1. ThermWise Appliance Rebates;
2. ThermWise Builder Rebates;
3. ThermWise Business Rebates;
4. ThermWise Weatherization Rebates;
5. ThermWise Home Energy Plan (renamed);
6. ThermWise Business Custom Rebates;
7. Funding of \$500,000 for the Low Income Assistance Program (renamed) administered by the Utah Department of Community and Economic Development; and
8. Market Transformation.

The Application contains evidence that from a combined total basis, using projected participation rates and administrative costs and predicted gas prices, the proposed

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programs pass the Total Resource Cost test with a score of 1.09, the Utility Cost test with a score of 1.41, and the Participant Cost test with a score of 2.88. However, the combined programs fail to pass the Ratepayer Impact Measure test with a score of 0.80. Additionally, the ThermWise Builder Rebates program fails to pass the Total Resource Cost test, with a score of 0.9; we note that is an increase from a projected score of 0.7 for 2013. The proposed budget is \$27,419,600 for 2014. The 2014 budget is approximately \$4.6 million higher than the 2013 initial budget, but is about \$3.6 million lower than the revised 2013 budget which exceeded the 2013 initial budget based on actual and predicted 2013 expenditures.

On October 17, 2013, the Commission issued an Action Request to the Division of Public Utilities (“Division”) to review the Application and provide comments by November 18, 2013. On November 5, 2013, the Commission issued a Notice of Filing and Comment Period allowing all interested parties the opportunity to comment on the application on or before November 18, 2013, with reply comments due by December 2, 2013. On November 13, 2013, the Office of Consumer Services (“Office”) filed a request to extend the time for comments and reply comments to November 27, 2013, and December 12, 2013, respectively. On November 14, 2013, the Commission granted the Office’s request for revised comment and reply comment dates. On November 27, 2013, the Division filed comments recommending approval of QGC’s proposed 2014 Energy Efficiency Programs and Market Transformation Initiative Budget Application and the associated tariff sheets. On November 27, 2013, the Office filed a memorandum recommending the Commission:

- Reject the rebate credit as part of the Builder Rebates program until it has been fully explained and supported and require modification of the Builder Rebates tariff (§2.11) as follows:
 - Remove paragraph three from the “Program Description” section; and,
 - Remove the reference to “credited” in paragraph four of the “Program Description” section.
- Allow QGC to file supplemental information explaining and supporting the rebate credit proposal related to the Builder Program either (1) within this docket allowing for stakeholder comments before any Commission order or (2) in a subsequent docket.
- Reject the proposed name of the Low Income Assistance Program and require QGC to choose a name which denotes that the program is related to natural gas efficiency, such as Low Income Efficiency Program.
- Require QGC to revise the Low Income Assistance Program tariff language to include or reference the eligible appliances and weatherization products, and to clarify the program’s two separate operations.
- Require QGC to revise the Business Custom Program tariff language to better explain the program requirements and procedures.
- Require QGC to work more closely with its DSM Advisory Group regarding the details of the expenditures within the Market Transformation budget, including specific costs and associated benefits.

Additionally, the Office recommends the Commission require QGC to make the following changes in its future DSM budget applications:

- Include current year actual expenditures with remaining year forecast as part of the budget comparison.
- Eliminate the program exhibits and ensure that tariff language includes a complete and easily understood description of the programs.

On December 12, 2013, the Office and QGC filed reply comments indicating that all issues except the Builder Rebates program rebate credit had been resolved through discussion among the parties. QGC provides modified language addressing the Office’s issues and

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represents that the Division supports QGC's revised proposed tariff changes. In its reply comments, the Office expresses its support for the changes except for those associated with the new rebate credit to the Builder Rebates program. Specifically, the Office recommends the Commission approve the builder rebate credit in this docket but require QGC to remove language relating to the credit from the tariff. When the new credit is ready to be implemented, the Office recommends QGC file the new tariff language addressing the credit for compliance with this order.

On December 13, 2013, Utah Clean Energy filed reply comments expressing support for the Office's recommendation that the Commission order QGC to work more closely with the DSM Advisory Group regarding the details of the expenditures within the Market Transformation budget, including specific costs and associated benefits. Further, Utah Clean Energy encourages the Commission to direct QGC to consider and utilize innovative, community-based social marketing approaches (including commitments, social diffusion and social norms) into its market transformation activities in order to magnify the impact of its marketing and encourage new behaviors and increased participation in the ThermWise incentive programs.

DISCUSSION

We concur with the Office it is inappropriate to approve tariff sheets for a program component that is not available and it is unknown when the component will be available. We understand no party opposes the new rebate credit in the Builder Rebates program

and therefore find it is in the public interest based on the evidence in this docket. However, we do not approve the tariff language describing this component at this time.

FINDINGS AND CONCLUSIONS

Based upon the testimony filed by QGC, and the analysis and recommendations of the Division and Office, the Commission finds the proposed budget and programs as described in the Application and modified in QGC's reply comments are in the public interest. We approve the tariff changes as filed by QGC in its reply comments on December 12, 2013, except for the language pertaining to the Builder Rebates program rebate credit. These approved changes are effective January 1, 2014. When QGC is ready to implement the rebate credit component of the Builder Rebates program, it shall file the necessary tariff language change for approval and compliance with this order.

ORDER

1. QGC's 2014 Year Budget for Energy Efficiency Programs and Market Transformation Initiative is approved with an effective date of January 1, 2014.
2. QGC shall file revised tariff sheets excluding language pertaining to the Builder Rebates program rebate credit as described in this Order.
3. The rebate credit component of the Builder Rebates program is approved.
4. Thirty days prior to the implementation date of the rebate credit component of the Builder Rebates program, QGC shall file the tariff language changes necessary to implement this component.

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DATED at Salt Lake City, Utah, this 2nd day of January, 2014.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#249620

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 2nd day of January, 2014, a true and correct copy of the foregoing REPORT AND ORDER, was served upon the following as indicated below:

By Electronic-Mail:

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