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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

APPLICATION FOR APPROVAL OF THE)	Docket No. 16-057-15
2017 YEAR BUDGET FOR ENERGY)	QUESTAR GAS COMPANY'S
EFFICIENCY PROGRAMS AND)	REPLY COMMENTS
MARKET TRANSFORMATION INITIATIVE)	

Questar Gas Company (Questar Gas or Company) respectfully submits these Reply Comments to the Action Request Response issued by the Division of Public Utilities (Division) and to the Memorandum issued by the Office of Consumer Services (Office) November 18, 2016 in the above-referenced docket.

I. REPLY TO THE DIVISION'S ACTION REQUEST RESPONSE

On October 18, 2016 Questar Gas filed an Application for approval of the 2017 year budget for energy efficiency programs and Market Transformation Initiative (Application). On October 18, 2016 the Commission issued an action request for the Division to file a response to the Company's Application. On October 20, 2016 the Commission issued a notice of filing and comment period in this docket and allowed for interested parties to file comments on or before Friday November 18, 2016. On November 18, 2016 the Division filed

its response to the Commission's Action Request and the Office filed Comments in this docket.

The Division's response made note of the Company's projected 2017 overall participation decrease of 13.8%, 8.8% increase in decatherm (Dth) savings, and the projected reduction of 13.6% in the cost per Dth saved. The projected 2017 participation decrease is mainly attributable to the weatherization program and specifically the attic insulation rebate measure. The projected reductions in the 2017 cost per Dth saved are a result of the Company's ongoing efforts to reduce administrative costs.

The Division's response provided analysis of the Company's proposals to: 1) eliminate 2.74 Integrated Modified Energy Factor (IMEF) rated clothes washers as rebate-eligible measures; 2) create a new whole-home rebate structure designed to incent efficiency at standards higher than those adopted by the State in the 2015 version of the International Conservation Code (IECC); 3) introduce new measures into the Business Program; 4) and merge the Business Custom Program into the prescriptive Business Program for 2017. The Division also provided a summary of the Company's proposed ThermWise Direct-Install Pilot Program. This three (3) year pilot initiative is designed to reach communities and customers with historically low participation while also re-engaging insulation contractors who previously left retrofit insulation for more lucrative, less risky market segments. At the end of the pilot period, the Company will use the data generated by the program to assess the combination of weatherization measures that are most effective in producing energy savings. The Division also recognized the Company's proposal to keep the Advisory Group informed as to the progress of the direct-install program throughout the pilot period.

The Division commended the Company and the Advisory Group “for their active participation and commitment to continue to develop and promote strong Energy Efficiency programs...” and urged all GS customers “...to participate in these programs whenever possible.” The Division’s supported the 2017 budget and recommended that the Commission approve the Company’s Application.

II. REPLY TO THE OFFICE’S RESPONSE

The Office focused mainly on the proposed Weatherization direct-install pilot program, continued funding of Salt Lake Community College’s Energy Management Program, and the tankless water heater rebate measure. The Office recommended that the Commission reject the Company’s proposed budget of \$25.1 million and require the Company to refile a revised budget, removing the tankless water heater rebates and funding for Salt Lake Community College’s Energy Management Program.

The Office recognized the trend of decreasing participation in the Weatherization Program and indicated support for the implementation of the Company’s proposed direct-install pilot program. The Office further recommended that a “...presentation of evidence demonstrating the program’s measureable successes, and cost-effectiveness” be conducted and presented before the direct-install pilot is proposed to transition to “...a permanent part of the portfolio.” The Company agrees with the Office and proposes that, once the Company has gathered and analyzed the data and before it proposes continuation of the direct-install program, the Company will present the results of the pilot program to ThermWise stakeholders.

The Company disagrees with the Office’s recommendation against funding the Salt Lake Community College’s (SLCC) Energy Management Program. The Company believes

that continued funding of the program advances energy efficiency in the State of Utah. The Energy Management Program is the only one of its kind in Utah and helps to ensure that students entering the energy management field receive training in efficiency technologies. In the past few years, graduates from the Energy Management Program have been instrumental in completing efficiency projects in commercial and education facilities related to boiler upgrades, boiler tune-ups, control systems, water heater replacements, steam traps, and pipe insulation.

The Company also disagrees with the Office's recommendation against the tankless water heater rebate. The Office suggests that the Commission reject the proposed measure because it may increase the Company's peak hour requirements. The Office misunderstands the purpose of the ThermWise Energy Efficiency Programs. Since the publication of the "Report of the Natural Gas DSM Advisory Group to the Utah Public Service Commission" in Docket No. 02-057-02, the stated purpose of the Company's energy efficiency programs has been to advocate for and promote the efficient use of natural gas, not to reduce peak hour needs.

Data gathered by the Company shows that tankless water heaters have been effective in achieving natural gas savings. A study of over 50 customers who replaced a storage water heater with a tankless system shows that, on average, natural gas usage was reduced by more than fourteen (14) decatherms or 144% of the Company's deemed savings estimate.

Neither the Company nor the Commission has ever suggested that the installation of tankless water heaters or any other energy efficiency measures would result in reduced peak hour requirements. The Office's comments regarding tankless water heaters seeks to define a new purpose for rebate measures from natural gas efficiency to evaluating system impacts.

The Office seeks to make this shift, not based on any analytical framework for quantifying natural gas peak demand impacts, but based on statements made by the Company that some measures “...**may** [emphasis added] in fact increase demand during peak hour,” while still resulting in greater efficiency.

As the Commission is aware from the 2016-17 Integrated Resource Plan (IRP) process (Docket No. 16-057-08; Technical Conference on June 23, 2016), the Company continues to evaluate ways to address peak day and peak hour concerns. The Company has also engaged interested stakeholders, including the Division and the Office, to discuss and address these concerns. If the Company determines that energy efficiency programs could effectively address those concerns, it will propose such programs in the future.

III. CONCLUSION

The Company requests that the Commission approve the Application as filed with an effective date of January 1, 2017.

DATED this 29th day of November, 2016.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Michael Orton, certify that a true and correct copy of the foregoing was served upon the following by electronic mail on November 29, 2016:

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