

GARY R. HERBERT Governor SPENCER J. COX Lieutenant Governor

# State of Utah Department of Commerce Division of Public Utilities

FRANCINE GIANI Executive Director CHRIS PARKER Director, Division of Public Utilities

# ACTION REQUEST RESPONSE

To:	Public Service Commission of Utah
From:	Division of Public Utilities Chris Parker, Director Energy Section Artie Powell, Manager Brenda Salter, Technical Consultant
Date:	December 4, 2018
Subject:	Dominion Energy Utah 2019 Budget for Energy Efficiency Programs and Market Transformation Initiative. The Division recommends that the Commission approve the Company's application as filed. <b>Docket No. 18-057-20.</b>

# **RECOMMENDATION: APPROVAL**

The Division of Public Utilities (Division) has reviewed the Application and recommends approval of Dominion Energy Utah's 2019 Energy Efficiency (EE) Programs and Market Transformation Initiative Budget. The Division has also reviewed the tariff sheets filed with the application and the recommends the approval of the tariff sheets as filed.

# **ISSUE:**

On October 16, 2018, Dominion Energy Utah (Company or DEU) filed an application with the Public Service Commission of Utah (Commission or PSC) for approval of its Energy Efficiency Programs and Market Transformation Initiative Budget for 2019. On October 16, 2018, the Commission issued an Action Request to the Division to review the application and make recommendations on the Company's filing by November 15, 2018. On October 22, 2018, the



Commission issued a Notice of Comment Period detailing comments due to the Commission on November 27, 2018 and reply comments due December 11, 2018. Subsequently, the Commission approve a request by the Office of Consumer Services to extend the comment deadline to December 4, 2018 with reply comments due December 18, 2018. This memorandum responds to the Commission's Action Request.

# **DICUSSION:**

# **DSM PILOT PROGRAM AND BUDGET HISTORY**

The original Demand Side Management programs and Market Transformation Initiative were the products of a collaborative effort of interested parties working with Dominion Energy Utah (formerly Questar Gas Company) to provide input and to design programs to benefit DEU's GS rate class by reducing their usage of natural gas through programs designed to improve the efficiency of natural gas consumption by those GS rate customers. The process began with DEU's CET application to the PSC on December 16, 2005 in Docket No. 05-057-T01. In a January 16, 2007 Order issued in Docket No. 05-057-T01, the Commission approved the original application. The EE Budget submitted in this docket is the thirteenth budget submitted by the Company. Table 1 shows a history of actual expenditures through 2017 with the 2018 and 2019 EE Budgets.

The proposed 2019 budget is an increase from the 2018 budget, mainly due to an expected increase in participation in Appliance, Builder, and Weatherization programs. The Company continues to look for new ways to increase participation in all of the EE programs and consults with the Energy Efficiency Advisory Group for input to achieve these goals.

Α	В	С	D	Е	F	G	н
	2013 Actual (000)	2014 Actual (000)	2015 Actual (000)	2016 Actual (000)	2017 Actual (000)	2018 Budget (000)	2019 Budget (000)
ThermWise Appliance	\$5,127.7	\$5,472.8	\$5,272.9	\$5,891.0	\$5,924.5	\$5,431.6	\$5,914.7
ThermWise Builder	\$3,146.0	\$4,093.9	\$4,693.7	\$7,019.5	\$5,643.8	\$4,559.1	\$4,748.7
ThermWise Business	\$1,925.6	\$3,185.3	\$3,698.7	\$3,390.3	\$3,980.4	\$3,564.2	\$3,619.4
ThermWise Custom Business	\$557.8	\$252.5	\$252.9	\$289.8	\$0.0	\$0.0	\$0.0
ThermWise Energy Plan	\$606.7	\$613.3	\$672.2	\$578.9	\$491.4	\$685.3	\$685.3
ThermWise Weatherization	\$15,208.6	\$10,781.8	\$7,636.1	\$3,886.7	\$4,044.0	\$7,555.2	\$7,781.4
Market Transformation	\$1,326.4	\$1,103.7	\$1,009.9	\$1,261.3	\$1,228.2	\$1,320.0	\$1,320.0
Energy Comparison Report	NA	NA	\$278.0	\$734.3	\$392.2	\$600.0	\$570.0
Low Income Weatherization	\$1,085.0	\$790.2	\$673.1	\$267.6	\$669.3	\$829.4	\$869.0
Total	\$28,983.8	\$26,293.5	\$24,187.5	\$23,319.4	\$22,373.8	\$24,544.8	\$25,508.5

#### Table 1

### DEU ENERGY EFFICIENCY PROGRAM YEARLY EXPENDITURES

# 2019 ENERGY EFFICIENCY PLAN SUMMARY

Table 2 summarizes DEU's proposed 2019 EE Budget by program as compared to the 2018 EE Budget. As shown in Table 2, the EE Budget for 2019 is \$25.508 million. This is 3.9% above the 2018 DSM Budget. Columns I and J compare the 2019 EE Budget Total Resource Cost Test ratios (TRC) to the 2018 EE Budget TRC for the EE programs.

Table 2

#### DOMINION ENERGY UTAH DSM ENERGY EFFICIENCY REPORT 2019 Budget and 2018 Budget DOCKET NO. 18-057-20

	A	В	С	D	E	F	G	Н	I.	J
		2019	2018	2019	2018	% 2019 Budget	2019	2018	2019	2018
		Budgeted	Budgeted	Budget	Budget	over (under)	Dth	Dth	TRC	TRC
		Participants	Participants			2018 Budget	Savings*	Savings*	Ratio	Ratio
1 <b>T</b>	nermWise Appliance	28,495	23,988	\$5,914,668	\$5,431,650	8.9%	277,307	238,202	1.7	1.2
2 <b>T</b>	nermWise Builder	17,495	16,135	\$4,748,713	\$4,559,088	4.2%	138,769	128,798	1.2	1.1
3 <b>T</b>	nermWise Business	1,911	1,910	\$3,619,448	\$3,564,234	1.5%	180,899	177,889	1.4	1.2
4 <b>T</b>	nermWise Energy Plan	2,800	2,800	\$685,265	\$685,265	0.0%	45,207	45,207	1.4	1.3
5 <b>T</b>	nermWise Weatherization	36,370	34,670	\$7,781,388	\$7,555,172	3.0%	168,178	184,203	1.4	1.1
6 <b>M</b>	arket Transformation	NA	NA	\$1,320,000	\$1,320,000	NA	NA	NA	NA	NA
7 E	nergy Comparison Report	224,400	285,000	\$570,000	\$600,000	-5.0%	363,528	347,700	1.3	1.7
8 L0	ow Income Assistance	2,425	1,725	\$868,950	\$829,426	4.8%	29,583	23,563	1.6	1.2
9 <b>T</b>	otal	313,896	366,228	\$25,508,432	\$24,544,835	3.9%	1,203,471	1,145,562	1.4	1.1
			1							

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

For 2019, the number of expected participants is below the 2018 budgeted level, which is attributable to the decrease in Energy Comparison Report participants. This decrease does not appear to effect the Dth savings as the expected 2019 Dth savings exceed the level set in 2018. The total projected savings for the 2019 budget is 1,203,471 Dth.

Table 3 compares customer rebates, program costs, Dth savings, and participants for the June 30, 2018 actual results and the 2018 and 2019 budgets. The table shows an expected 3.9% increase in the 2019 budget compared to the 2018 budget, which appears to be attributed to an increase in expected customer rebates (5.0% increase). The table shows an increase of 5.1% in Dth saved, with an expected decrease of 14.3% in participants. The Company anticipates a higher percentage of rebates will be paid for higher savings measures in 2019.

\$11.4 million has been spent through June 2018, with participation in the program at 12% of projected budget. Participation and Dth savings are anticipated to increase as we head into the heating season.

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$8,521,519	\$17,898,485	\$18,786,451	\$887,966	5.0%
Program Costs	\$2,873,083	\$6,646,350	\$6,721,981	\$75,631	1.1%
Total Costs	\$11,394,602	\$24,544,835	\$25,508,432	\$963,597	3.9%
Projected Dth Savings*	466,055	1,145,562	1,203,471	57,909	5.1%
Participants	42,746	366,228	313,896	(52,332)	-14.3%
Total \$ / Dth Savings (\$0.00)	\$24	\$21	\$21	NA	-1.1%
Total Resource Cost Test B/C	1.10	1.10	1.10	NA	NA
Utility Cost Test B/C	1.38	1.29	1.30	NA	NA

Table 3

#### ThermWise Energy Efficiency Program

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

## **PROGRAM REVIEW**

For 2019, the Energy Efficiency programs are: 1) the ThermWise Appliance Program; 2) the ThermWise Builder Program; 3) the ThermWise Business Program; 4) the ThermWise Home Energy Plan Program; 5) the ThermWise Weatherization Program; 6) the Low-Income Efficiency Program; 7) the Market Transformation Initiative; and 8) the ThermWise Energy Comparison Report. The Energy Comparison Report (a stand-alone program beginning in 2015), designed to inform and educate customers about the importance of energy conservation, continues as part of the 2019 budget.

# THERMWISE APPLIANCE REBATES PROGRAM

The ThermWise Appliance Rebates Program for 2019 is available to all GS single-family and multi-family residential customers. The Company recommends a couple changes to the Appliance

Rebates Program in an effort to continue pushing efficiency standards forward. The Company will eliminate 92% AFUE furnaces and reduce the rebate for tankless water heaters by \$50.

This program has a 2019 proposed budget cost of \$5.904 million compared to a 2018 budget of \$5.432 million, an 8.9% increase from the 2018 budget. Again, as with the previous year's budgets, the actual customer rebates will vary depending on customer participation. Table 4 compares the ThermWise Appliance Program by Customer Rebates and Program Administrative Costs with actual results through June 30, 2018 to the projected 2018 and 2019 budgets. The table shows a forecasted 2019 increase in both the TRC and Utility Cost Test (UCT) benefit ratios.

Table 4

ThermWise Appliance Program

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$2,729,750	\$4,386,650	\$4,804,450	\$417,800	9.5%
Program Costs	\$300,934	\$1,045,000	\$1,110,218	\$65,218	6.2%
Total Costs	\$3,030,684	\$5,431,650	\$5,914,668	\$483,018	8.9%
Projected Dth Savings *	131,185	238,202	277,307	39,105	16.4%
Participants	16,245	23,988	28,495	4,507	18.8%
Total \$ / Dth Savings (\$0.00)	\$23	\$23	\$21	NA	-6.5%
Total Resource Cost Test B/C	1.56	1.15	1.72	NA	NA
Utility Cost Test B/C	1.99	1.49	1.96	NA	NA

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

## THERMWISE BUILDER REBATES PROGRAM

The ThermWise Builder Rebate Program will continue in 2019 with several modifications. The Company proposes to set the definition for rebate-qualifying single family residences at three or fewer, and multifamily at four or more residences. As with the Appliance Program, the Company is proposing to eliminate the 92% AFUE furnace rebate measure along with reducing the rebate amount for the tankless water heaters by \$50. The Company is proposing to define the version of efficiency rating software used by home energy raters (HERS) and also include solar energy as part of the calculation for the whole-home single family rebate measure. In an effort to be responsive to market conditions and increase savings, the Company is proposing to add a pay-for-performance measure for new multifamily properties. The measure would compare the energy

usage of new multifamily properties against a software-designed reference property. This measure is similar to the single family HERS rebate approved by the Commission.

Table 5 shows the 2019 budget for the ThermWise Builder Program is \$4.749 million, a \$.190 million dollar increase from the 2018 budget of \$4.559 million. Expected participation and Dth saved is higher than the 2018 budget resulting in higher dollars per Dth saved than expected in the 2018 budget. The Builder Program is projected to have a TRC ratio of 1.17 and an UCT ratio of 1.56.

#### Table 5

#### ThermWise Builder Program

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$2,174,392	\$3,939,088	\$4,118,713	\$179,625	4.6%
Program Costs	\$278,500	\$620,000	\$630,000	\$10,000	1.6%
Total Costs	\$2,452,892	\$4,559,088	\$4,748,713	\$189,625	4.2%
Projected Dth Savings *	52,817	128,798	138,769	9,971	7.7%
Participants	9,914	16,135	17,495	1,360	8.4%
Total \$ / Dth Savings (\$0.00)	\$46	\$35	\$34	NA	-3.3%
Total Resource Cost Test B/C	0.83	1.14	1.17	NA	NA
Utility Cost Test B/C	1.30	1.05	1.56	NA	NA

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

## THERMWISE BUSINESS REBATES PROGRAM

This program is available to the GS Rate Class commercial customers and offers many prescriptive measures, all of which are designed to leverage the marketing access and existing delivery channels of local businesses, wholesalers and retailers to provide cost-effective natural gas savings opportunities. The Company proposes to continue this program in 2019 with the following changes: 1) eliminate the 92% AFUE furnace rebate; 2) increase the incentive for tier 2 and tier 3 boiler tune-ups by \$50 along with removing the size limitation (<300 kBtu) on tier 1 boiler tune-up measure erroneously included in the 2015 budget; 3) add to the list of rebate-eligible measures six types of used but efficient food service equipment; and finally; 4) add the following rebate-eligible equipment: combined heat and power; direct-fired heaters; prescriptive energy recover ventilators; green certified new buildings; boiler O<sub>2</sub> trim controls; boiler

linkageless controls; commercial find-and-fix RC<sub>x</sub>; and commercial high performance building envelope.

The ThermWise Business Program budget is forecasted to increase slightly in 2019. The 2019 budget is \$3.619 million, which is 1.5% above the 2018 budget, as shown in Table 6. Furnace replacements and smart thermostats are expected to have the highest participation rates in the program. The table summarizes the ThermWise Business Program by Customer Rebates and Program Costs with actual results through June 30, 2018 and the 2018 and 2019 budgets.

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$387,821	\$2,404,234	\$2,439,448	\$35,214	1.5%
Program Costs	\$672,980	\$1,160,000	\$1,180,000	\$20,000	1.7%
Total Costs	\$1,060,801	\$3,564,234	\$3,619,448	\$55,214	1.5%
Projected Dth Savings *	39,559	177,889	180,899	3,010	1.7%
Participants	648	1,910	1,911	1	0.1%
Total \$ / Dth Savings (\$0.00)	\$27	\$20	\$20	NA	-0.1%
Total Resource Cost Test B/C	1.01	1.16	1.35	NA	NA
Utility Cost Test B/C	1.68	1.87	2.10	NA	NA

ThermWise Business Program

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

## THERMWISE HOME ENERGY PLAN REBATES PROGRAM

Table 6

The ThermWise Home Energy Plan is administered by Dominion. The Company expanded program eligibility to previously ineligible multifamily customers in 2013. The Company also transitioned the program name from Home Energy Audit to Home Energy Plan in the early part of 2013. A home energy plan can either be an on-site audit, conducted by DEU technicians, or a mail in plan in which the participant answers questions and receives advice from DEU. A \$25 fee is charged for the on-site plans. This fee is fully refundable upon participation in any ThermWise energy-efficiency rebate program and is waived for lower-income senior homeowners. In addition, the program will provide certain low-cost energy-efficiency measures at no charge. The Company proposes to continue this program with no major changes in 2019.

The 2019 budget is \$685.3 thousand, which is the same as the 2018 budget. Table 7 compares the 2019 EE Budget to the 2018 EE Budget along with June 30, 2018 YTD actual results. The table shows a slight increase in benefit cost ratios for 2019 with the TRC at 1.42 and the UCT at 1.40.

This program continues to be a gateway to many of the appliance upgrades and weatherization measures implemented by customers (for which incentives are received through other EE programs) as a result of their identification in home energy plans. This program continues to have benefits beyond those seen in the data below as it introduces customers to the potential savings they may realize by implementing additional energy efficiency measures.

	_
Table	7

#### ThermWise Home Energy Plan Program

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$18,862	\$52,265	\$52,265	\$0	0.0%
Program Costs	\$200,845	\$633,000	\$633,000	\$0	0.0%
Total Costs	\$219,707	\$685,265	\$685,265	\$0	0.0%
Projected Dth Savings *	16,991	45,207	45,207	-	0.0%
Participants	1,257	2,800	2,800	-	0.0%
Total \$ / Dth Savings (\$0.00)	\$13	\$15	\$15	NA	0.0%
Total Resource Cost Test B/C	1.96	1.34	1.42	NA	NA
Utility Cost Test B/C	1.93	1.32	1.40	NA	NA

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

## THERMWISE WEATHERIZATION REBATES PROGRAM

This program offers both GS single-family and multi-family residential customer rebates for installing qualifying weatherization measures. From the beginning of the ThermWise Programs, weatherization measures have been the leader in terms of customer interest and participation. The Company proposes to continue this program in 2019 with changes that align with single and multifamily residences as outlined in the Appliance Program.

Additionally, the Company proposes to change the structure of the air sealing measure and create a rebate paid on building performance in the Pilot Multifamily Program established in the 2018 Program. Based on market feedback, weatherization contractors are avoiding smaller square footage homes because of the current air sealing rebate measure structure. In order to incent contractors to promote the measure in all homes, the Company is proposing to increase the base incentive to \$200, reduce the per square foot portion of the incentive to \$.12, and maintain the maximum rebate limitation at \$850 per home.

Also, the Company's Weatherization Program administrator has suggested a second rebate path be implemented that will model natural gas savings similarly to the proposed pay-for-performance measure detailed in the Builder Program recommendations.

The 2019 budget is \$7.781 million, an increase of 3.0% from the 2018 budget. Table 8 compares the ThermWise Weatherization Program by Customer Rebates and Program Costs with actual results through June 30, 2018 along with the 2018 and 2019 budgets. The table shows the benefit cost ratios increasing from the 2018 budget with a TRC of 1.39 and a UCT of 1.47 for 2019.

Table 8

ThermWise Weatherization Program

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$2,873,759	\$6,810,172	\$7,031,388	\$221,216	3.2%
Program Costs	\$430,059	\$745,000	\$750,000	\$5,000	0.7%
Total Costs	\$3,303,818	\$7,555,172	\$7,781,388	\$226,216	3.0%
Projected Dth Savings *	49,259	184,203	168,178	(16,025)	-8.7%
Participants	14,319	34,670	36,370	1,700	4.9%
Total \$ / Dth Savings (\$0.00)	\$67	\$41	\$46	NA	12.8%
Total Resource Cost Test B/C	1.09	1.11	1.39	NA	NA
Utility Cost Test B/C	1.09	1.22	1.47	NA	NA

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

# LOW INCOME EFFICIENCY PROGRAM

Part of the agreement reached in Docket 05-057-T01 contained the provision for the Company to provide funding of \$250,000 for the state's Low Income Weatherization Program. In 2009, the funding for this program was increased by another \$250,000 for a total contribution of \$500,000 to the program's budget in order to address natural gas issues for qualified low-income assistance recipients. This tariff includes a paragraph allowing approved non-profit or governmental agencies to apply for rebates under the ThermWise Programs. This allows qualified agencies to utilize rebates for work they have performed to do additional weatherization measures. The Utah Department of Workforce Services, Housing and Community Development Division (HCD) currently qualifies under this provision. This allows HCD to report its activity quarterly and include the saved Dth as a result of its efforts as part of the quarterly reports filed by the Company on the EE program results. Table 9 reflects the budget for the Low Income Efficiency Program.

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates	\$336,935	\$306,076	\$340,187	\$34,111	11.1%
Program Costs	\$3,060	\$523,350	\$528,763	\$5,413	1.0%
Total Costs	\$339,995	\$829,426	\$868,950	\$39,524	4.8%
Projected Dth Savings *	2,394	23,563	29,583	6,020	25.5%
Participants	363	1,725	2,425	700	40.6%
Total \$ / Dth Savings (\$0.00)	\$142	\$35	\$29	NA	-16.6%
Total Resource Cost Test B/C	1.18	1.18	1.55	NA	
Utility Cost Test B/C	1.68	1.21	1.69	NA	

#### Low Income Efficiency Program

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

## **THERMWISE ENERGY COMPARISON REPORT**

Table 9

Initially launched in 2011 with 8,000 customers receiving the report, the Company has introduced the report to over 363,000 customers with a control group of approximately 110,000 customers. The Company proposes to deliver the Energy Comparison Report (ECR) to 224,400 customers in 2019. The Company realizes this total number by pausing Groups B and D and adding Group G, which represents an additional 25,000 customers. The Company expects savings to increase because of the projected expansion of the ECR in 2019 and because of savings persistence. The Company conducted a study in 2018 that focused analysis on all current recipients of the report (Groups B, C, D and E). The study showed weather-normalized usage reductions per participant of 1.62 Dth/year. As a result, the Company updated the natural gas savings number from 1.22 Dth/year in the 2018 Model, to 1.62 Dth/year in the 2019 Model. Table 10 shows a decrease in the TRC and UCT benefit cost ratios from 1.74 in 2018 to 1.27 in 2019.

Data shows that customers not only change behaviors to save natural gas as a result of the Comparison Report, but they are also more likely to participate in other ThermWise Programs if they have received the report. The Company conducted an analysis in 2014 that showed customers who had received their Comparison Report were more likely to participate in a ThermWise rebate and/or request a Home Energy Plan when contrasted against a control group of non-recipients. The

Company proposes to continue to target the Comparison Report to customers with higher usage relative to conditioned square footage in 2019.

				2019	2019
	2018	2018	2019	\$ over (under)	% over (under)
	Q2 Actual YTD	Budget	Budget	2018	2018
Customer Rebates		-	-	-	NA
Program Costs	\$140,813	\$600,000	\$570,000	(\$30,000)	-5.0%
Total Costs	\$140,813	\$600,000	\$570,000	(\$30,000)	-5.0%
Projected Dth Savings *	173,850	347,700	363,528	15,828	4.6%
Participants	142,500	285,000	224,400	(60,600)	-21.3%
Total \$ / Dth Savings (\$0.00)	\$1	\$2	\$2		-9.1%
Total Resource Cost Test B/C	1.43	1.74	1.27		
Utility Cost Test B/C	1.43	1.74	1.27		

Table 10

ThermWise Energy Comparison Report

\* Projected Dth savings for each program based on projected program participation and deemed savings estimates.

# **PROGRAM ADMINISTRATIVE COSTS**

As shown in Table 3 on page 4, the 2019 total program administrative costs are \$6.722 million, a \$76 thousand increase from the 2018 budget program costs. This \$6.722 million represents about 27% of the total 2019 budget. The Division urges DEU to always look for ways to implement administrative cost reduction steps in order to improve overall program efficiencies.

The Market Transformation Program budget of \$1.3 million is included in the program administrative costs. The Market Transformation Program is designed to create consumer awareness of energy efficiency and conservation along with changing consumer and market participation behaviors.

# GAS PRICE SENSITIVITY

Based upon gas price forecasts used in the 2018-19 DEU IRP plan (Docket No. 18-057-01), the 2019 EE Budget assumes a first year average summer/winter gas price of \$1.99/\$2.47 per Dth respectively with a 25 year projection of prices ending at \$6.78/\$7.44 per Dth. This compares to a beginning summer/winter gas price range in the 2018 EE Budget of \$2.73/\$3.20 per Dth, ending at \$7.10/\$7.55 per Dth.

The Company used traditional sources for gas price projections in all of the analyses. All of the gas price forecasts used show moderate increases from the current low-price levels. The Company

has chosen not to eliminate measures solely on the basis of failing a benefit-cost test. Most programs and individual measures are fairly low cost to maintain, but expensive to start-up. The Company feels taking the long view in this low-price environment is in the best interest of customers and the ThermWise programs.

# CONCLUSION AND RECOMMENDATION:

While the Division recognizes that in the lower cost price environment for natural gas that continues to exist, it is more difficult to justify some measures as truly cost effective, the Division still finds value in the overall program objectives. Therefore the Division supports the 2019 Energy Efficiency Budget and recommends the Commission approve the application. However, the Division will be monitoring the overall program and individual measures to ensure the public interest continues to be served by them.

The Division commends DEU and the Advisory Group for their active participation and commitment to continue to develop and promote strong Energy Efficiency programs, with the intent to promote the energy saving measures to an even broader base of GS customers and urges all GS customers to participate in these programs whenever possible.

Cc:

Kelly Mendenhall, Dominion Energy Mike Orton, Dominion Energy Michele Beck, Office of Consumer Services