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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

APPLICATION FOR APPROVAL OF THE  
2019 YEAR BUDGET FOR ENERGY  
EFFICIENCY PROGRAMS AND MARKET  
TRANSFORMATION INITIATIVE

Docket No. 18-057-20  
DOMINION ENERGY UTAH'S  
REPLY COMMENTS

Dominion Energy Utah (Dominion Energy or Company) respectfully submits these Reply Comments to the Action Request Response issued by the Division of Public Utilities (Division) on December 4, 2018, and the Memorandum issued by the Office of Consumer Services (Office) on December 4, 2018 in this docket.

**I. INTRODUCTION**

On October 16, 2018 Dominion Energy Utah filed an Application for Approval of the 2019 Year Budget for Energy Efficiency Programs and Market Transformation Initiative (Application). On October 16, 2018 the Utah Public Service Commission (Commission) issued an action request to the Division requiring the Division to file a response to the by November 15, 2018. On October 22, 2018 the Commission issued a Notice of Filing and Comment Period and allowed for interested parties to file comments on or before Tuesday,

November 27, 2018. On November 20, 2018 the Office filed, with support of the Division and the Company, a motion to amend the comment period for initial comments to be due on or before December 4, 2018 and reply comments to be due on or before December 18, 2018. On November 20, 2018 the Commission granted the motion filed by the Office and extended deadlines for comments and reply comments as requested. The Division filed its response to the Commission's Action Request and the Office filed Comments on the Application on December 4, 2018.

## **II. REPLY TO THE DIVISION'S ACTION REQUEST RESPONSE**

The Company agrees with the Division's recommendation that the Commission approve the Application with the attached proposed changes to the Company's Utah Natural Gas Tariff No. 500 (Tariff) as filed. However, the Company responds to some of the Division's specific comments.

First, the Division's Action Request Response made note of the Company's projected 2019 overall budget increase of 3.9%, 5.0% increase in customer rebates, 5.1% increase in dekatherm (Dth) savings, and the projected 14.3% decrease in program participants. The Company notes that the reduction in program participants is mainly attributable to the proposed pause in delivery of the Energy Comparison Report (ECR) to two recipient groups (Groups B and D totaling 125,000 customers) in 2019.

Additionally, the Division also urged the Company in its response to "always look for ways to implement administrative cost reduction steps in order to improve overall program efficiencies." The Company agrees with this recommendation and will continue to look for ways to reduce non-incentive costs.

Finally, the Company agrees with the Division's observation that while the low gas price environment may make it difficult to justify some rebate measures (because of cost-effectiveness concerns), there is overall value to the ThermWise program objectives. The Company will continue to work with the Division to ensure that the ThermWise program continues to meet its objectives, and to ensure that customers continue to receive value for those programs.

The Division expressed support of the 2019 budget and recommended that the Commission approve the Company's Application. The Company agrees with and supports the Division's recommendation for Commission approval of the 2019 Application and budget as filed.

### **III. REPLY TO THE OFFICE'S RESPONSE**

The Company agrees with the Office's conclusion that the Company's Application generally complies with Commission requirements and offers responses to some of the Office's specific comments below.

Though the Office expressed support for the Company's proposed change to the definition of rebate-qualifying single and multifamily properties and the elimination of the 92% AFUE furnace as a rebate-eligible measure, the Office also expressed a general concern with the proposed used food service equipment rebates. The Office recommended that the Company provide updates "...at Advisory Group meetings to consider whether continuation in the next year plans is appropriate and beneficial." The Company agrees with this recommendation and will plan to include updates to the Advisory Group on used food service equipment if the proposed rebate measures are approved by the Commission as part of the 2019 budget.

The Office also discussed the Company's Market Transformation Initiative and the proposal to introduce a clean air tagline in 2019, indicating that "adding a new tagline to tout environmental benefits may be a good idea, but it is a significant shift in strategy and could trigger complex issues such as comparisons of which energy source is better for the environment."

The Company is appreciative of the Office's feedback and acknowledges the Office's concern that changing the tagline could prompt energy source comparisons, or comparisons about which energy source is better for the environment. The Company does not intend to create such comparisons, but is instead seeking to increase interest and improve customer awareness of the ThermWise Programs. The Company's annual survey, conducted by Lighthouse, Inc., showed that customers are concerned about clean air, and that references to clean air may provide increased focus from customers, and may help increase customer awareness and participation in the ThermWise Programs. The Company agrees with the Office's recommendation that the Company not introduce a new clean air-focused tagline without first having discussions with the Advisory Group in 2019, and commits that it will engage in such discussions before introducing the proposed tagline.

While the Company agrees that it should wait for such meetings to launch a new tagline, it plans to include clean-air related messaging in advertising during 2019. For example, dialogue within advertising is expected to include statements like "I got a Home Energy Plan to help clean Utah's air," and "Natural gas is clean but being energy efficient is even better." The Company has developed this strategy based on the Lighthouse survey, to (re)engage a segment of customers for whom the current "save money" messaging is not effective. The Company has also recently completed focus group messaging research aimed at



adding clean air messaging to the ThermWise campaign. The results were very positive and affirmed the public's interest in such messaging. Based on that research, the Company intends to utilize clean air messaging while continuing to use the "If you conserve, you can save" tagline.

The Office also identified some errors in Energy Efficiency Exhibits 1.4, 1.7, and 1.9 and suggested that the Company 1) correctly identify the Table of no-charge measures in Tab 1.4 (Energy Efficiency Exhibit 1.4); 2) provide a corrected Table 2 that includes the key for the information on that Table (Energy Efficiency Exhibit 1.7); 3) correct the footnote on page 2-30 to include the word "is" (Energy Efficiency Exhibit 1.9).

The Company is grateful for the Office's thorough review and recommendations to provide corrected information in Energy Efficiency Exhibits 1.4 and 1.7 and, if the Commission deems it appropriate, will submit corrected exhibits. The Company notes that the proposed Tariff sheets related to Energy Efficiency Exhibit 1.4 (ThermWise Home Energy Plan Program, Tariff section 2.13) contain the correct reference for no-charge measures and that the Table identified in Energy Efficiency Exhibit 1.7 (ThermWise Market Transformation Initiative) was included in this filing to provide historical participation information for regulators and other program stakeholders. Accordingly, corrected exhibits would not impact the proposed Tariff language and that, therefore, submitting formal corrected exhibits may not be necessary.

The third error identified by the Office does require correction in the proposed Tariff sheets. The Company agrees with the Office's recommendation to include the word "is" in the footnote on page 2-30 of the proposed 2019 Section 2.12 of the Tariff (Energy Efficiency Exhibit 1.9). The Company proposes to correct the original omission by including the word

“is” in the Tariff sheets it would file upon Commission approval of the 2019 Application and Exhibits in this Docket. If the Company’s proposed correction in Tariff language is approved, the updated footnote would read (correction shown in red):

<sup>2</sup>In order to qualify for a rebate, equipment must be purchased new and may not be leased. Used equipment will also not qualify for a rebate, unless it **is** one of the food service items specifically listed in the ThermWise Business Rebates Table.

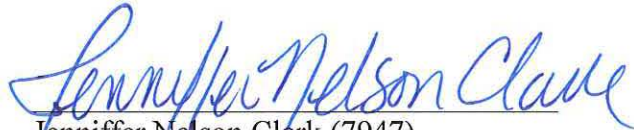
#### **IV. CONCLUSION**

The Company agrees with the Division’s recommendation that the Commission approve the Application as filed with an effective date of January 1, 2019. The Company also supports the recommendation to correct the errors outlined in the Office’s memorandum and requests guidance from the Commission on how these changes should be completed.

DATED this 18<sup>th</sup> day of December, 2018.

Respectfully submitted,

DOMINION ENERGY UTAH



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## CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Dominion Energy Utah's

Reply Comments were served upon the following by electronic mail on December 18, 2018:

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