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State of Utah  
DEPARTMENT OF COMMERCE  
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services

Michele Beck, Director  
Cheryl Murray, Utility Analyst  
Alex Ware, Utility Analyst

Date: November 15, 2019

Subject: Docket 19-057-26

**In the Matter of:** Dominion Energy Utah's Application for Approval of the 2020 Year Budget for Energy Efficiency Programs and Market Transformation Initiative

## BACKGROUND

On October 16, 2019, Dominion Energy Utah (DEU or Company) filed with the Public Service Commission of Utah (Commission) an application for approval of its 2020 Year Budget for Energy Efficiency Programs and Market Transformation Initiative (Application). On October 17, 2019, the Commission issued a Notice of Comment Period establishing November 15 and December 2, 2019 as the dates by which parties may submit comments and reply comments respectively. On November 15, 2019, the Commission approved the Division of Public Utilities' (DPU) request for an extension of time with a new schedule of November 22, 2019 and December 6, 2019 for comments and reply comments respectively.

## DISCUSSION

The Office of Consumer Services (Office) reviewed the Company's Application and finds it generally complies with Commission requirements. The Company proposes to continue all eight existing ThermWise® Energy Efficiency Programs in 2020.<sup>1</sup>

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<sup>1</sup> Docket No. 19-057-26, Application, p.3-4.

### *Proposed Budget*

The total 2020 projected budget for DEU's Energy Efficiency Programs and the Market Transformation Initiative is \$26.5 million. This is a \$0.96 million increase from the 2019 budget. The Company explains that the increase is mainly due to an expected increase in participation in the ThermWise® Appliance, Builder, and Weatherization programs. However, the total savings across all programs "are projected to be 1.14 million Dth/year ... or 5% below projected 2019 natural gas savings estimates." The Company explains this projected decrease is due to a "shift of the Weatherization Program from an insulation to an air sealing based program and the change in realized savings ... in the ECR [Energy Comparison Report] Program."<sup>2</sup>

### *Program Additions, Modifications, and Deletions*

The Company proposes a number of modifications to its current energy efficiency programs such as adding measures, removing measures, and modifying certain incentive offerings. The Company's Application details each proposed change, and the Office will not reiterate each proposed change, however we do discuss a few of those items next.

This year, DEU proposed to eliminate the additional \$50 appliance rebate for 95% and 98% AFUE furnaces that also have electrically commutated motors (ECM) included. The Company explains that the Department of Energy has mandated ECM technology to be industry standard beginning January 1, 2020. Based on this update to industry standards, the Office fully supports this change to the program. With the elimination of the \$50 ECM rebate addition, DEU plans to rebate 95% AFUE and 98% AFUE furnaces at \$300 and \$350 respectively in 2020.

DEU is also proposing to add smart water heater controllers to the ThermWise® Appliance Rebates program for the first time. The Company states it has been reviewing these products since their public release in 2015-2016 and now estimates "a customer who purchases and installs a smart water heater controller will save, on average, 2.5 dekatherms (Dth) annually." At an average cost of \$150 for an eligible device, DEU proposes a \$50 rebate for customers that purchase the product. This rebate is also proposed to be added to the Company's ThermWise® Builder Rebates program. Since the utility cost test metric estimate provided by DEU in its application for this product is close to 1.0 (0.92)<sup>3</sup>, the Office does not oppose the addition of smart water heater controllers to the programs. However, the Office will monitor cost-benefit outcome reporting to ensure the overall program utility cost tests remain over 1.0.

In addition, the Company is proposing a two-year extension to the direct-install pilot that is part of the ThermWise® Weatherization Rebates program. While the Company reports that the original three years of the pilot have seen work completed on 12,000 homes, only about 110 direct-install participant homes (or less than one percent of the total) had met DEU's "evaluation requirement criteria of one-year pre-participation and

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<sup>2</sup> IBID p. 24-25.

<sup>3</sup> IBID Exhibit 1.11 p.2 & 4.

two-year post-installation natural gas usage data.” If the extension is approved, the Company states it expects to be able to successfully gather the results data and indicates it will report these findings to the Advisory Group. However, it is unclear to the Office as to if during the proposed two-year extension the Company will continue to conduct new direct-installations, or if the time will be used solely to collect outcome data associated with the prior three years of activity under the pilot. Clearly, DEU should continue to gather the results data and report the findings to the Advisory Group. However, if it is the Company’s intent to continue direct-installations under the extension, the Office questions if it is good practice to extend pilot program activities before initial pilot program data is gathered and the outcomes fully assessed. The Office recommends that DEU clarify its intentions in reply comments under this docket. Further, the Office recommends that the Commission deny the extension of the pilot program if the Company plans to continue direct-installations before all pilot program outcomes are gathered, assessed, and reported to the Advisory Group.

Lastly, for the 2020 program year, DEU proposes to maintain the Market Transformation Initiative (MTI) budget at 2019 levels of \$1,320,000. The Office also notes that the Company proposes to maintain its shift away from sports marketing that it enacted in 2019. The Office continues to support the end of funds used for sports marketing purposes as we have often questioned its appropriateness in the past.

Also, as part of the MTI, DEU reports that its marketing consultant has identified through survey that there is an opportunity to heighten public awareness of the ThermWise® programs through environmentally and health-conscious-friendly messaging. DEU proposes for 2020 to add a new marketing tagline in addition to the current “If You Conserve, You Can Save”. The proposed addition is “Conserve, Save, Breathe” – to bring awareness to how utility conservation can help reduce pollution, resulting in improved air quality along the Wasatch Front. The Company states it will not roll out this new tagline until “an agreement is reached” with the Advisory Group.

While the Office acknowledges DEU states in this application that it will not roll out the new tagline until meeting with the Advisory group, we recommend that the Commission explicitly require DEU to both meet this commitment and to refrain from expanding any advertising messaging to include environmental and/or health-conscious components until agreement is reached with the Advisory Group. The Office makes this recommendation due to past experience in the 2019 program year when the Company also committed not to change the tagline without Advisory Group input, yet included new environmentally focused messaging in advertisements before such messaging was addressed by the Advisory Group<sup>4</sup>. The Office continues to be concerned that a change to environmentally focused messaging is not congruent with energy efficiency program

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<sup>4</sup> The Office acknowledges that DEU technically met last year’s commitment, as well as the Commission requirements, by not changing the actual tagline prior to conferring with the Advisory Group. However, the Office did find the other advertising changes problematic and likely to be corporate branding and was surprised to have seen them given DEU’s commitment. In this case, the Office wants to ensure that the restriction is not crafted too narrowly so that all advertising-related issues can be worked out *prior* to new advertising being broadcast on radio or video sources creating potential confusion for customers.

funding as it could easily cross the line into corporate branding rather than promotion of the specific programs. In addition to addressing its appropriateness under this funding source, the Office believes this messaging must be carefully crafted in order to confirm its accuracy and not mislead the public on the factual environmental outcomes of natural gas conservation. The Office looks forward to meeting with the Company as a part of the Advisory Group to discuss these issues further.

## **RECOMMENDATIONS**

Based on the discussion contained in this document, the Office recommends that the Commission:

1. require DEU to clarify its proposed two-year extension of the direct-install pilot program in reply comments,
2. deny the two-year extension if the Company's intention is to continue direct-installations before initial pilot outcomes are presented to the Advisory Group, and
3. require DEU to not publicly deploy new environmental advertising messaging, including but not limited to tagline changes, until an agreement is reached with the Advisory Group.

cc:

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