



State of Utah  
Department of Commerce  
Division of Public Utilities

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## **ACTION    REQUEST    RESPONSE**

**To:**    Utah Public Service Commission

**From:** Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Shauna Benvegna-Springer, Utility Technical Consultant

**Date:** November 22, 2019

**Re:**    **Docket No. 19-057-26**, Dominion Energy Utah's Application for Approval of 2020 Year Budget for Energy Efficiency Programs and Market Transformation Initiative.

### **RECOMMENDATION (Approval)**

The Division of Public Utilities (Division) has reviewed the Application and recommends the Public Service Commission of Utah (Commission or PSC) approve Dominion Energy Utah's 2020 Energy Efficiency Programs and Market Transformation Initiative Budget. The Division has also reviewed the tariff sheets filed with the application and recommends the Commission approve the tariff sheets as filed.

### **ISSUE**

On October 16, 2019, Dominion Energy Utah (Company or DEU) filed an application with the Commission for approval of its Energy Efficiency (EE) Programs and Market Transformation Initiative Budget for 2020. On October 17, 2019, the Commission issued an Action Request to the Division to review the application and make recommendations on the Company's filing by November 15, 2019. The Commission also issued a Notice of Comment Period detailing that any

interested party may submit comments due to the Commission on November 15, 2019, withreply comments due December 2, 2019. On November 15, 2019, the Commission approved the Division’s request for an extension of time to file comments to November 22, 2019, with reply comments due on December 6, 2019. This memorandum responds to the Commission’s Action Request.

## BACKGROUND

### DSM PILOT PROGRAM AND BUDGET HISTORY

The original Demand Side Management (DSM) programs and Market Transformation Initiative were the products of a collaborative effort of interested parties working with Dominion Energy Utah (formerly Questar Gas Company). The purpose was to provide input and to design programs to benefit DEU’s general schedule (GS) rate class by reducing their usage of natural gas. The programs were designed to improve the efficiency of natural gas consumption by those GS rate customers. The process began with DEU’s Conservation Enabling Tariff (CET) application to the Commission on December 16, 2005 in Docket No. 05-057-T01. In a January 16, 2007 Order issued in the same docket, the Commission approved the original application and established requirements. The Energy Efficiency Budget of \$26.4 million as submitted in this docket is the fourteenth budget submitted by the Company. Table 1 below shows a history of actual expenditures through 2018 and the 2019 and 2020 EE Budgets.

	A	B	C	D	E	F	G	H
	Energy Efficiency Programs	2014 Actual (000)	2015 Actual (000)	2016 Actual (000)	2017 Actual (000)	2018 Actual (000)	2019 Budget (000)	2020 Budget (000)
1	ThermWise Appliance	\$5,472.8	\$5,272.9	\$5,891.0	\$5,924.5	\$4,498.2	\$5,914.7	\$6,172.9
2	ThermWise Builder	\$4,093.9	\$4,693.7	\$7,019.5	\$5,643.8	\$6,540.0	\$4,748.7	\$5,830.1
3	ThermWise Business	\$3,185.3	\$3,698.7	\$3,390.3	\$3,980.4	\$1,951.9	\$3,619.4	\$3,109.2
4	ThermWise Custom Business	\$252.5	\$252.9	\$289.8	\$0.0	\$0.0	\$0.0	\$0.0
4	ThermWise Energy Plan	\$613.3	\$672.2	\$578.9	\$491.4	\$435.8	\$685.3	\$574.8
5	ThermWise Weatherization	\$10,781.8	\$7,636.1	\$3,886.7	\$4,044.0	\$7,549.9	\$7,781.4	\$7,982.1
6	Market Transformation	\$1,103.7	\$1,009.9	\$1,261.3	\$1,228.2	\$1,374.7	\$1,320.0	\$1,320.0
7	Energy Comparison Report	NA	\$278.0	\$734.3	\$392.2	\$415.7	\$570.0	\$570.0
8	Low Income Weatherization	\$790.2	\$673.1	\$267.6	\$669.3	\$642.1	\$869.0	\$867.3
9	<b>Total</b>	<b>\$26,293.5</b>	<b>\$24,187.5</b>	<b>\$23,319.4</b>	<b>\$22,373.8</b>	<b>\$23,408.3</b>	<b>\$25,508.5</b>	<b>\$26,426.4</b>

## 2020 ENERGY EFFICIENCY PLAN SUMMARY

The EE proposed budget for 2020 is \$26.4 million. This represents an increase from the 2019 budget of \$0.917 million, mainly due to an expected increase in participation in Appliance, Builder, and Energy Comparison Report 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 (EEAG) for input to achieve these goals. The eight programs for 2020 include the following:

- ThermWise Appliance Rebates
- ThermWise Builder Rebates
- ThermWise Business Rebates
- ThermWise Energy Plan
- ThermWise Weatherization Rebates
- Market Transformation Initiative
- Energy Comparison Report Program
- Low Income Efficiency Program (Utah Department of Workforce Services)

Table 2 below summarizes DEU’s proposed 2020 Demand Side Management (DSM) EE Budget by program as compared to the 2019 DSM EE Budget. This budget proposes a 3.6% increase above the 2019 Budget of \$25.5 million. Columns I and J compare the 2020 EE Budget Total Resource Cost Test ratios (TRC) to the 2019 EE Budget TRC for each program.

DOMINION ENERGY UTAH DSM ENERGY EFFICIENCY REPORT 2020 Budget and 2019 Budget DOCKET NO. 19-057-26										
	A	B	C	D	E	F	G	H	I	J
	Energy Efficiency Programs	2020 Budgeted Participants	2019 Budgeted Participants	2020 Budget	2019 Budget	% 2020 Budget over (under) 2019 Budget	2020 Dth Savings*	2019 Dth Savings*	2020 TRC Ratio	2019 TRC Ratio
1	ThermWise Appliance	30,587	28,495	\$6,172,929	\$5,914,668	4.4%	298,612	277,307	1.65	1.72
2	ThermWise Builder	18,423	17,495	\$5,830,063	\$4,748,713	22.8%	170,091	138,769	1.29	1.17
4	ThermWise Custom Business	0	0	\$0	\$0	0.0%	-	-	0.00	0.00
4	ThermWise Energy Plan	2,240	2,800	\$574,812	\$685,265	-16.1%	36,166	45,207	1.17	1.42
5	ThermWise Weatherization	31,943	36,370	\$7,982,079	\$7,781,388	2.6%	138,421	168,178	1.15	1.39
6	Market Transformation	NA	NA	\$1,320,000	\$1,320,000	NA	NA	NA	NA	NA
7	Energy Comparison Report	266,600	224,400	\$570,000	\$570,000	0.0%	322,586	363,528	1.11	1.27
8	Low Income Assistance	2,505	2,425	\$867,270	\$868,950	-0.2%	30,033	29,583	1.42	1.55
9	<b>Total</b>	<b>355,076</b>	<b>313,896</b>	<b>\$26,426,351</b>	<b>\$25,508,432</b>	<b>3.6%</b>	<b>1,139,453</b>	<b>1,203,471</b>	<b>1.23</b>	<b>1.35</b>

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

The ThermWise Custom Business program operated from 2008 through 2016 averaging \$347,600 dollars each year, with a range of \$97,400 to \$608,000 at the peak years. The program will remain dormant in 2020.

## DISCUSSION

One of the goals of the EE programs is to educate consumers, thus fostering behavior change in utility resource usage. The 2020 budget expects 41,180 participants above the 2019 budgeted level. The Energy Comparison Report budget proposes 42,200 additional participants, leaving other program participant counts to remain stable or decrease. This increase in participants appears to affect the proposed 2020 Dth savings of 1,139,452 adversely over the 2019 Dth savings of 1,203,472, the level set for 2019. The 2019 Q3 Actual YTD reports 694,408 Dth savings in nine months performance, although the heating season is coming.

Table 3 compares customer rebates, program costs, Dth savings, and participants for the Sept 30, 2019 actual results and the 2019 and 2020 budgets. The table shows an expected 3.6% increase in the 2020 budget compared to the 2019 budget. The difference is attributed to an increase in expected customer rebates (7.6% increase). The table shows a decrease of 5.3% in Dth saved, with an expected decrease of 1.6% in participants. The participant counts in table 3 have been adjusted to not include the Energy Comparison Report of 168,300 for Q3 2019, 224,400 for 2019 and 266,600 for 2020. The Company proposed to fund the higher percentage (7.6%) of rebates with a reduction in program costs of \$497,922 and an increase in the budget of \$917,919 to achieve higher Dth savings measures in 2020.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 <b>Customer Rebates</b>	\$14,008,816	\$18,734,186	\$20,150,027	\$1,415,841	7.6%
2 <b>Program Costs</b>	\$3,972,760	\$6,774,246	\$6,276,324	(\$497,922)	-7.4%
3 <b>Total Costs</b>	\$17,981,576	\$25,508,432	\$26,426,351	\$917,919	3.6%
4 <b>Projected Dth Savings*</b>	694,408	1,203,471	1,139,453	(64,018)	-5.3%
5 <b>Participants**</b>	60,703	89,896	88,476	(1,420)	-1.6%
6 <b>Total \$ / Dth Savings (\$0.00)</b>	\$26	\$21	\$23	NA	9.4%
7 <b>Total Resource Cost Test B/C</b>	1.10	1.10	1.10	NA	NA
8 <b>Utility Cost Test B/C</b>	1.29	1.29	1.30	NA	NA
9 <b>* Projected Dth savings for each program based on projected program participation and deemed savings estimates.</b>					
<b>**Total participants does not include Energy Comparison Report participants for cost effectiveness.</b>					

The following tables reflect the same information as Table 3, only by each of the eight programs.

**THERMWISE APPLIANCE REBATES PROGRAM**

The ThermWise Appliance Rebates Program for 2020 is available to all GS single-family and multi-family residential customers. The Company recommends a few changes to the Appliance Rebates Program in an effort to continue pushing efficiency standards forward. The Company will:

- 1) eliminate a \$50 rebate for  $\geq 95\%$  and  $\geq 98\%$  annual fuel utilization efficiency (AFUE) furnaces that include an electrically commutated motor (ECM) rebate;
- 2) add a \$50 rebate for smart water heater controllers; and
- 3) decrease the rebate for  $\geq 98\%$  AFUE furnaces to \$350, from \$400 per dwelling unit.

This program has a 2020 proposed budget cost of \$6.1 million compared to a 2019 budget of \$5.9 million, a 4.4% increase from the 2019 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 September 30, 2019 to the projected 2019 and 2020 budgets. The table shows a forecasted 2020 increase to the Utility Cost Test (UCT) benefit ratios but a decrease in the Total Resource Cost (TRC) test.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 Customer Rebates	\$2,802,750	\$4,804,450	\$5,169,700	\$365,250	7.6%
2 Program Costs	\$503,863	\$1,110,218	\$1,003,229	(\$106,989)	-9.6%
3 Total Costs	\$3,306,613	\$5,914,668	\$6,172,929	\$258,261	4.4%
4 Projected Dth Savings *	107,168	277,307	298,612	21,305	7.7%
5 Participants	13,245	28,495	30,587	2,092	7.3%
6 Total \$ / Dth Savings (\$0.00)	\$31	\$21	\$21	NA	-3.1%
7 Total Resource Cost Test B/C	1.65	1.72	1.65	NA	NA
8 Utility Cost Test B/C	0.49	1.49	1.75	NA	NA

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

Table 4 demonstrates a reduction of \$106,989 in program costs for the ThermWise Appliance Program. Dth savings and participants both increase by 7% in the 2020 proposed budget. The program appears to be moving in the right direction.

## THERMWISE BUILDER REBATES PROGRAM

The ThermWise Builder Rebate Program will continue in 2020 with several modifications. The Company proposes to remove the HERS Index measurement rebates and add a “Pay for Performance” measure. The rebate will be \$3 per saved therm with a maximum rebate of \$1,400 per residence for single family. The rebate for multifamily will be the same with a maximum of \$800 per residence. A DOE Zero Energy Ready Bonus is being added for Energy Star.

As with the Appliance Program, the Company is proposing to eliminate the 95% AFUE furnace rebate measure, and decrease the 98% AFUE furnace rebate to \$350 for both single and multi-family. The Smart Water Heater Controller rebate of \$50 is added for both single and multi-family dwellings. The Company is removing the “Pay-for-Performance” measure rebate for new multi-family properties.

Table 5 shows the 2020 budget for the ThermWise Builder Program is \$5.8 million, a \$1.1 million dollar (25.9%) increase from the 2019 budget of \$4.748 million. Expected participation and Dth saved is higher than the 2019 budget resulting in higher dollars per Dth saved than expected in the 2019 budget. The Builder Program is projected to have a TRC ratio of 1.29 and an UCT ratio of 1.56.

<b>ThermWise Builder Program</b>					
	2019	2019	2020	2020	2020
	Q3 Actual YTD	Budget	Budget	\$ over (under)	% over (under)
				2019	2019
1 <b>Customer Rebates</b>	\$3,962,803	\$4,128,713	\$5,200,063	\$1,071,350	25.9%
2 <b>Program Costs</b>	\$299,103	\$620,000	\$630,000	\$10,000	1.6%
3 <b>Total Costs</b>	\$4,261,906	\$4,748,713	\$5,830,063	\$1,081,350	22.8%
4 <b>Projected Dth Savings *</b>	127,114	138,769	170,091	31,322	22.6%
5 <b>Participants</b>	22,536	17,495	18,423	928	5.3%
6 <b>Total \$ / Dth Savings (\$0.00)</b>	\$34	\$34	\$34	NA	0.2%
7 <b>Total Resource Cost Test B/C</b>	0.00	1.17	1.29	NA	NA
8 <b>Utility Cost Test B/C</b>	0.49	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 2020 with the following changes:

- 1) eliminate the 95% AFUE furnace rebate of \$350.00;
- 2) reduce the 98% AFUE furnace rebate to \$350.00;
- 3) add a rebate of \$3/kBtu/Hr Input for  $TE \geq 90\%$  High-efficiency Tankless Gas Water Heater;
- 4) add a rebate of \$3.50 per/kBtu/Hr Input for  $TE \geq 95\%$  Gas Boilers (hot water)
- 5) add a rebate of \$150 per unit for Gas griddle; and
- 6) eliminate the Electrically Commuted Motor definition.

The ThermWise Business Program budget is proposed to decrease \$510,250 in 2020. The 2020 budget is \$3.109 million, which is 14.1% below the 2019 budget, as shown in Table 6. Furnace replacements and smart thermostats are expected to have the highest participation rates (45.4% over 2019) in the program. The table summarizes the ThermWise Business Program by customer rebates and program costs with actual results through September 30, 2019 and the 2019 and 2020 budgets.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 Customer Rebates	\$929,428	\$2,439,448	\$1,970,198	(\$469,250)	-19.2%
2 Program Costs	\$646,435	\$1,180,000	\$1,139,000	(\$41,000)	-3.5%
3 Total Costs	\$1,575,863	\$3,619,448	\$3,109,198	(\$510,250)	-14.1%
4 Projected Dth Savings *	54,851	180,899	143,544	(37,355)	-20.6%
5 Participants	1,644	1,911	2,778	867	45.4%
6 Total \$ / Dth Savings (\$0.00)	\$29	\$20	\$22	NA	8.3%
7 Total Resource Cost Test B/C	1.04	1.35	1.04	NA	NA
8 Utility Cost Test B/C	1.87	1.87	2.10	NA	NA

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

### THERMWISE HOME ENERGY PLAN REBATES PROGRAM

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 2020.

The 2020 budget is \$574.8 thousand, which is a decrease of \$110.4 thousand dollars or a 16% decrease. Table 7 compares the 2020 EE Budget to the 2019 EE Budget along with September 30, 2019 YTD actual results. Table 7 shows decreases in rebates, program costs, Dth savings and participants of 15% to 20%. The benefit cost ratio for 2020 with the TRC is 1.17 and the UCT is 1.15. The Division understands a reduction in staffing explains the budget decrease.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 Customer Rebates	\$16,326	\$52,265	\$41,812	(\$10,453)	-20.0%
2 Program Costs	\$294,904	\$633,000	\$533,000	(\$100,000)	-15.8%
3 Total Costs	\$311,230	\$685,265	\$574,812	(\$110,453)	-16.1%
4 Projected Dth Savings *	26,080	45,207	36,166	(9,041.0)	-20.0%
5 Participants	1,747	2,800	2,240	(560.0)	-20.0%
6 Total \$ / Dth Savings (\$0.00)	\$12	\$15	\$16	NA	4.9%
7 Total Resource Cost Test B/C	1.17	1.42	1.17	NA	NA
8 Utility Cost Test B/C	1.32	1.32	1.15	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.

Based on market feedback, weatherization contractors are avoiding smaller square footage homes because of the current rebate measure structure based on square feet. Also, feedback on the air sealing change that went into effect on January 1, 2019 is not complete.

The 2020 budget is \$7.9 million, an increase of 2.6% from the 2019 budget. Table 8 compares the ThermWise Weatherization Program by Customer Rebates and Program Costs with actual results through September 30, 2019 along with the 2019 and 2020 budgets. The table shows the benefit cost ratios decreasing from the 2019 budget with a TRC of 1.15 and a UCT of 1.21 for 2020. The Division's observation is that 2020 budget is increasing, yet the Dth savings and participants are decreasing. The Company has stated that this phenomena is a result of moving from the insulation based program to the air sealing measure.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 <b>Customer Rebates</b>	\$5,625,340	\$7,031,688	\$7,312,079	\$280,391	4.0%
2 <b>Program Costs</b>	\$737,297	\$749,700	\$670,000	(\$79,700)	-10.6%
3 <b>Total Costs</b>	\$6,362,637	\$7,781,388	\$7,982,079	\$200,691	2.6%
4 <b>Projected Dth Savings *</b>	102,332	168,178	138,421	(29,757)	-17.7%
5 <b>Participants</b>	20,801	36,370	31,943	(4,427)	-12.2%
6 <b>Total \$ / Dth Savings (\$0.00)</b>	\$62	\$46	\$58	NA	24.6%
7 <b>Total Resource Cost Test B/C</b>	1.15	1.39	1.15	NA	NA
8 <b>Utility Cost Test B/C</b>	0.22	1.22	1.21	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. This is meant 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. The proposed 2020 budget shows insignificant changes to the budget and operation.

<b>Low Income Efficiency Program</b>					
	2019	2019	2020	2020	2020
	Q3 Actual YTD	Budget	Budget	\$ over (under)	% over (under)
				2019	2019
1 <b>Customer Rebates</b>	\$672,169	\$340,188	\$337,988	(\$2,200)	-0.6%
2 <b>Program Costs</b>	\$8,428	\$528,762	\$529,282	\$520	0.1%
3 <b>Total Costs</b>	\$680,597	\$868,950	\$867,270	(\$1,680)	-0.2%
4 <b>Projected Dth Savings *</b>	4,217	29,583	30,033	450	1.5%
5 <b>Participants</b>	730	2,425	2,505	80	3.3%
6 <b>Total \$ / Dth Savings (\$0.00)</b>	\$161	\$29	\$29	NA	-1.7%
7 <b>Total Resource Cost Test B/C</b>	1.42	1.55	1.42	NA	
8 <b>Utility Cost Test B/C</b>	0.21	1.21	1.69	NA	

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

## THERMWISE ENERGY COMPARISON REPORT

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 2020. 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 2020 and because of savings persistence. The Company conducted a study in 2019 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 2019 Model, to 1.62 Dth/year in the 2020 Model. Table 10 shows a decrease in the TRC and UCT benefit cost ratios from 1.27 in 2019 to 1.11 in 2020, and 1.74 in 2019 to 1.11 in 2020, respectively.

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 2020.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 Customer Rebates	\$0	-	-	-	NA
2 Program Costs	\$434,990	\$570,000	\$570,000	\$0	0.0%
3 Total Costs	\$434,990	\$570,000	\$570,000	\$0	0.0%
4 Projected Dth Savings *	272,646	363,528	322,586	(40,942)	-11.3%
5 Participants	168,300	224,400	266,600	42,200	18.8%
6 Total \$ / Dth Savings (\$0.00)	\$2	\$2	\$2		12.7%
7 Total Resource Cost Test B/C	0.00	1.27	1.11		
8 Utility Cost Test B/C	0.49	1.74	1.11		

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

**MARKET TRANSFORMATION INITIATIVE**

The ThermWise marketing campaign does not see any changes. The 2020 budget is the same as 2019 budget.

	2019 Q3 Actual YTD	2019 Budget	2020 Budget	2020 \$ over (under) 2019	2020 % over (under) 2019
1 Customer Rebates	\$0	\$0	\$0	\$0	NA
2 Program Costs	\$1,047,740	\$1,320,000	\$1,320,000	\$0	0.0%
3 Total Costs	\$1,047,740	\$1,320,000	\$1,320,000	\$0	0.0%
4 Projected Dth Savings *	-			-	NA
5 Participants	-			-	NA
6 Total \$ / Dth Savings (\$0.00)	#DIV/0!	#DIV/0!	#DIV/0!	NA	#DIV/0!
7 Total Resource Cost Test B/C	0.0	0.0	0.0	NA	
8 Utility Cost Test B/C	0.0	0.0	0.0	NA	

**PROGRAM ADMINISTRATIVE COSTS**

As shown in Table 3 on page 4, the 2020 total program administrative costs are \$6.276 million, with a \$497,922 decrease from the 2019 budget program costs. This \$6.276 million represents about 24% of the total 2020 budget. The Market Transformation Program (MTP) 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. When the MTP is removed from the program costs, all other program costs represent 18.5% of the total 2020 EE Budget of \$26.4 million. The Division appreciates the efforts the Company has made in the 2020 proposed budget. The Division continues to urge DEU to always look for ways to implement administrative cost reduction steps in order to improve overall program efficiencies.

**CONCLUSION**

The Division still finds value in the overall program objectives. Therefore the Division supports the 2020 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.

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