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Recommendation

To: Public Service Commission of Utah

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: December 21, 2021

Re: **Docket No. 20-057-18** Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance – Audit Report 2020

Recommendation (Approval)

The Division of Public Utilities (Division or DPU) completed an audit¹ of Dominion Energy of Utah's (Dominion or Company) actual energy efficiency program expenditures for the period September 1, 2019, through August 31, 2020. The Division recommends the Public Service Commission (PSC or Commission) approve the Company's energy efficiency rate of \$0.20678 per Dth on a non-interim basis.

¹ In using the term "audit" the Division notes that it did not conduct an independent audit as defined and conducted under General Accepted Auditing Standards as promulgated under the Auditing Standards Board of the American Institute of Certified Public Accountants. In this instance "audit" means compliance review.

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Issue

The Company filed an application with the Commission on September 20, 2020, to decrease the energy efficiency amortization rate from \$0.26120 to \$0.20678 per Dth. On October 1, 2020, the Commission issued its Action Request to the Division directing it to review the application and make recommendations which were due to the Commission on October 30, 2020. The Commission also issued a Notice of Telephonic Consolidated Scheduling Conference would be held October 8, 2020. The scheduling conference changed the Division's Action Request and initial comments became due October 19, 2020, with reply comments due October 23, 2020, and a hearing was scheduled for October 27, 2020. The Division responded to the Commission's Action Request recommending the Commission grant the increased amortization rate on an interim basis effective on November 1, 2020. The Division recommended the rate be approved on an interim basis until the Division had an opportunity to audit the energy efficiency transactions. The audit provides confidence that proper accounting was performed for \$27.0 million spent on the program. The Commission approved the interim rates on October 30, 2020, to be effective November 1, 2020. This memorandum reports on the Division's audit for the eleven-month period of October 1, 2019, through August 31, 2020.

Discussion

An audit was performed to verify actual energy efficiency program expenditures for the eleven-month period ending August 31, 2020. The audit consisted of reviewing actual expenditures invoices and transactions for specific expenditure types under the various energy efficiency projects identified in the Energy Efficiency Program Expenditures Report, Exhibit 1.2 page 2 of 2 as filed by Dominion in this docket. Projects included in the energy efficiency program include:

- ThermWise Home Energy Plan,
- ThermWise Builder Rebates,
- ThermWise Appliance Rebates,
- ThermWise Business Rebates,
- Market Transformation,
- Low Income Weatherization,

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- ThermWise Weatherization, and
- Energy Comparison Report.

Audit

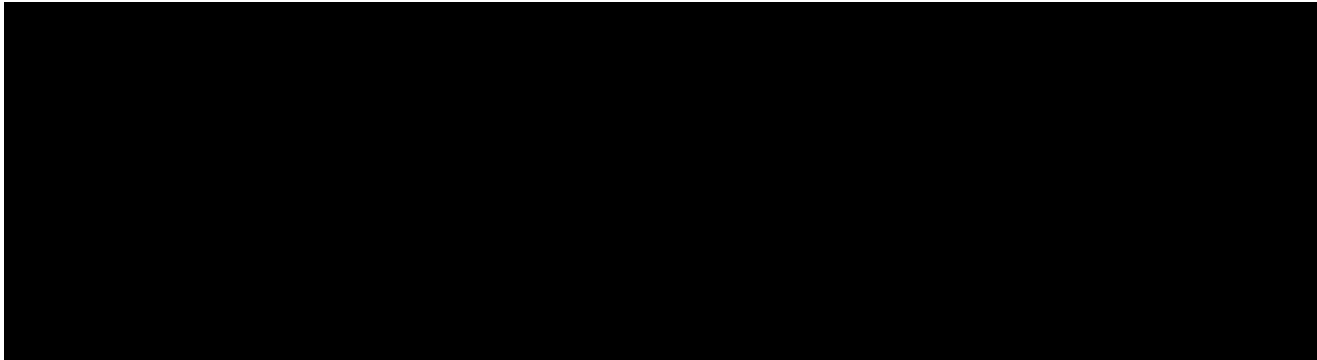
The Division gathered information through the data request process along with informal phone conversations and emails. The review covered the energy efficiency program for the period October 1, 2019, through August 31, 2020. The Company was very responsive in supplying the Division with the requested documentation of energy efficiency revenue and expenses.

The audit was conducted to verify a sampling of actual amounts listed on the *Energy Efficiency Program Expenditure Report*. In DPU data request 1.1, Dominion provided the Division with a report detailing all expenses in each energy efficiency program for the eleven-month period. The Division reviewed this report, and out of each energy efficiency program a sampling of invoices and/or supporting documentation were requested. Dominion supplied copies of applicable documentation, invoices, and/or schedules to support the transactions reviewed. The documentation was verified and reconciled to the amounts presented on Dominion Exhibit 1.2, Page 2 of 2 filed with the Company's application.

The Division's audit sampled 24 energy efficiency expenditures for the eleven-month period prior to August 31, 2020. There were two to four transactions for each project. The following are transactions that were in question.

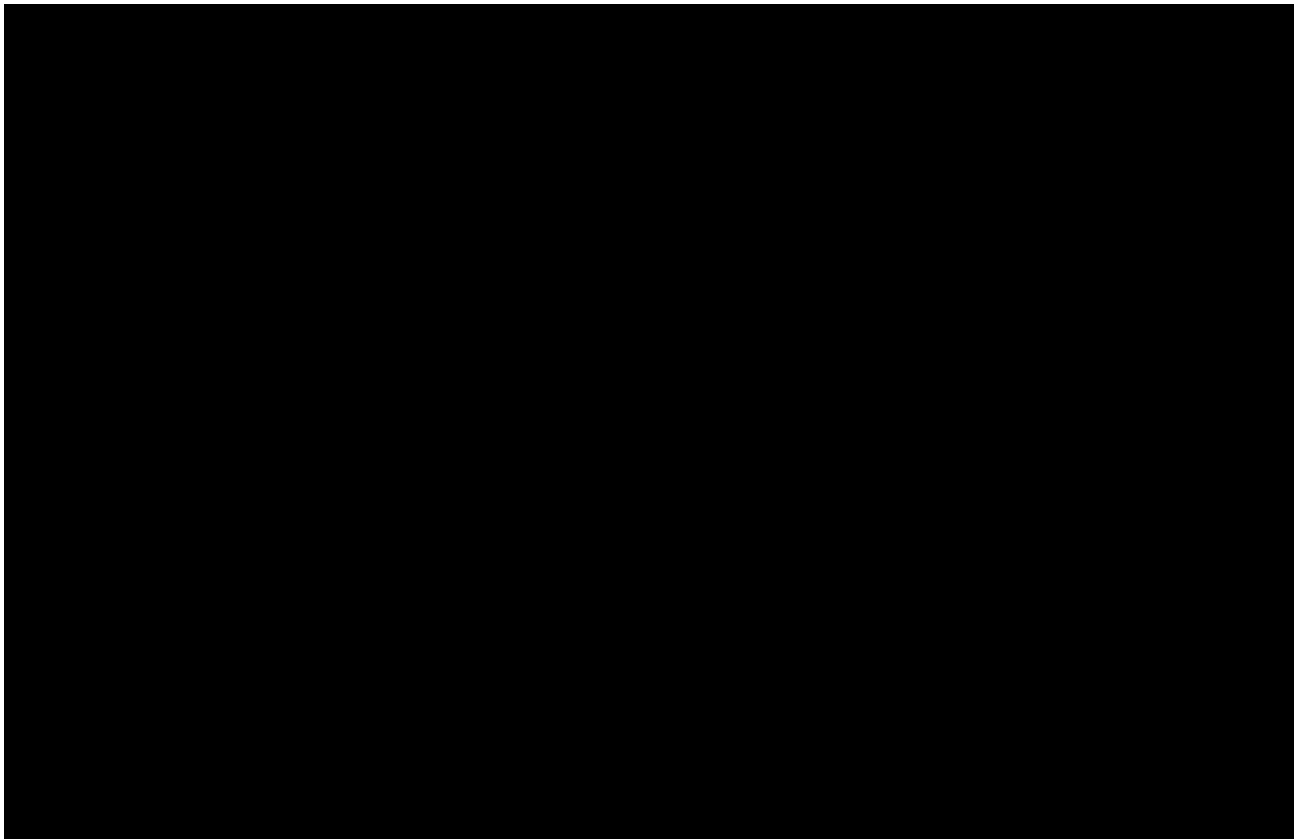
Finding 1: (Confidential) [REDACTED]
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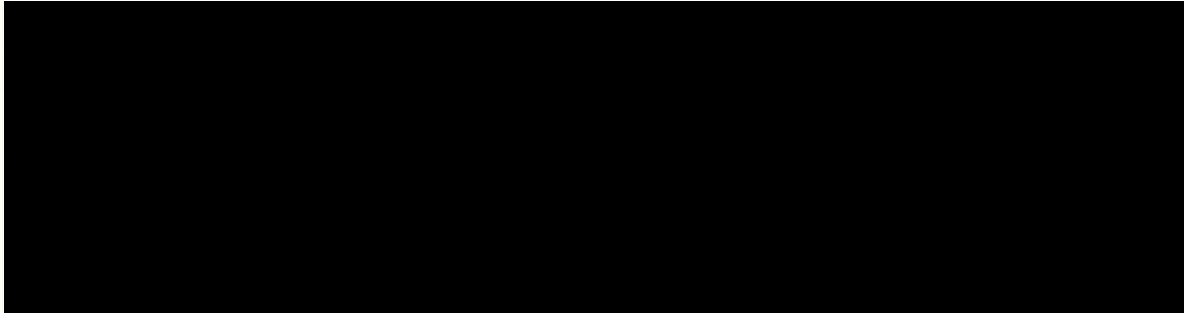
Finding 2: (Confidential) [Redacted]
[Redacted]
[Redacted]
[Redacted]

Figure 2 – Depreciation Calculation Adjustment (Confidential)



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Figure 3 – Depreciation Adjustment (**Confidential**)



All other transactions appear to be recorded correctly. The Division appreciates the transparency and explanations the Company provided.

The Division noted that there were no customer complaints submitted during the identified period. The Company shared the following statistics regarding the rebate process:

- In 2020 on average 84% of rebates were processed successfully without any issue.
- Only 5% of rebates were appropriately rejected.
- The remaining 11% required additional correspondence for incomplete applications, non-qualifying equipment, inquires on rebate status.

The Division appreciates the transparency the Company provides to the Division and commends the Company for their customer service in handling customers' questions regarding the program.

The Division reviewed the tariffs for the DSM/EE program. The Company appears to be following the Commission's rules for the transactions represented.

Conclusion

The actual energy efficiency expenditures through August 31, 2020, as presented in Dominion's Docket No. 20-057-018, Exhibit 1.2, page 2 of 2 appear to be correct as stated, with exception of the two adjustments attached. The two adjustments did not have a material effect on the deferred amortization rate for 2021 effective November 1, 2020. The Division recommends the

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Commission approve the amortization rate for energy efficiency of \$0.20678 on a non-interim basis.

Cc: Kelly Mendenhall, Dominion Energy Utah
Mike Orton, Dominion Energy Utah
Michele Beck, Office of Consumer Services
Service List