

APPLICATION FOR APPROVAL OF)
THE 2024 YEAR BUDGET FOR ENERGY) Docket No.
EFFICIENCY PROGRAMS AND MARKET) 23-057-17
TRANSFORMATION INITIATIVE)

All communications with respect to
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APPLICATION
AND
EXHIBITS
October 31, 2023

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

APPLICATION FOR APPROVAL OF THE)	
2024 YEAR BUDGET FOR ENERGY)	Docket No. 23-057-17
EFFICIENCY PROGRAMS AND MARKET)	VERIFIED APPLICATION
TRANSFORMATION INITIATIVE)	

1. Questar Gas Company, doing business as Dominion Energy Utah (Dominion Energy or the Company), respectfully submits this Verified Application for Approval of the 2024 Year Budget for Energy Efficiency Programs and Market Transformation Initiative (Application). The Company submits this Application pursuant to the applicable orders of the Public Service Commission of Utah (Commission) identified in the introduction section below. Dominion Energy respectfully submits this Application seeking approval of the 2024 budget associated with the delivery of the Energy Efficiency (EE) programs and associated Market Transformation Initiative.

I. INTRODUCTION

2. In its Order issued January 16, 2007, in Docket No. 05-057-T01 (January 16, 2007 Order), the Commission approved the Company’s Application for Expedited Approval of Demand Side Management Programs and a Market Transformation Initiative (Original

Application) and approved a three-year pilot program for the Company's Demand Side Management (DSM) programs in conjunction with the Conservation Enabling Tariff (CET). On June 3, 2010, the Commission issued an Order in Docket No. 09-057-16, approving the CET as an on-going program (June 3, 2010 Order). The Commission has reviewed and approved applications for EE Programs, Budgets, and Market Transformation Initiatives each year thereafter. Most recently, on January 10, 2023, the Commission issued an Order in Docket No. 22-057-18 (January 10, 2023, Order), approving Dominion Energy Utah's Application for Approval of the 2023 Year Budget for Energy Efficiency Programs and Market Transformation Initiative.

II. OVERVIEW OF PROPOSED 2024 ENERGY EFFICIENCY PROGRAMS AND MARKET TRANSFORMATION INITIATIVE

3. In the Original Application (Docket No. 05-057-T01), the Company listed seven best practices for developing successful EE programs. These seven best practices are:

- A. Develop a comprehensive energy efficiency approach;
- B. Simplify and integrate program offerings;
- C. Brand EE and focus on customer service;
- D. Develop strategic relationships with market participants;
- E. Provide customized service, when applicable;
- F. Provide qualified, independent expertise; and
- G. Integrate program evaluation early.

Through the design, development, implementation and administration of EE programs, the Company has successfully achieved, and in many cases exceeded, each of the best practices outlined in the Original Application. The Company's ThermWise[®] EE campaign is a model for natural gas utility programs nationwide. The ThermWise[®] rebate programs are customer friendly and cost effective.

4. In addition to the implementation and development of the ThermWise® EE campaign, the Company has made a concerted effort to maintain high levels of customer service. The Company has developed relationships with trade allies, including wholesalers; heating, ventilation, and air conditioning (HVAC) professionals, weatherization contractors; dealers; and retailers. The Company has built flexibility into the implementation and marketing of its programs to allow for customized service when required.

5. Based on input from the Utah DSM Advisory Group, Utah-based trade allies, program administrators and other energy efficiency stakeholders, Dominion Energy proposes continuing the eight existing ThermWise® EE programs in 2024: 1) the ThermWise® Appliance Rebates Program; 2) the ThermWise® Builder Rebates Program; 3) the ThermWise® Business Rebates Program; 4) the ThermWise® Home Energy Plan Program; 5) the ThermWise® Weatherization Rebates Program; 6) funding for the Low-Income Efficiency Program administered by the Utah Department of Workforce Services; 7) the Market Transformation Initiative; 8) and the ThermWise® Energy Comparison Report (Comparison Report).

6. **ThermWise® Appliance Rebates.** This program offers rebates to GS customers for installing high efficiency qualifying measures. The Company is proposing to continue this program with the elimination of the residential heating ventilation and air conditioning (HVAC) monitoring and diagnostic systems as a rebate eligible measure in 2024.

7. The Company first proposed to add HVAC monitoring and diagnostic systems to the mix of rebate-eligible equipment in the 2022 program year (Docket No. 21-057-25). The Company has determined, through industry feedback in 2023, that most smart thermostats can now perform the functions of dedicated monitoring and diagnostic systems and that a stand-alone rebate is no longer necessary.

8. The Company also proposes to move the system specifications for dual-fuel heating systems from the Company's Utah Natural Gas Tariff No. 600 (Tariff) to ThermWise.com (thermwise.com/equipment-specs/dual-fuel) beginning in 2024. Currently, the Company's Tariff for the Appliance Program specifies that rebate-qualifying Tier 1 dual-fuel systems must consist of a $\geq 95\%$ annual fuel utilization efficiency (AFUE) natural gas backup paired with an ENERGY STAR[®] certified ducted heat pump with a heating seasonal performance factor (HSPF) of ≥ 9.0 and seasonal energy efficiency ratio (SEER) ≥ 14 . Rebate-qualifying Tier 2 systems are required in 2023 to consist of a $\geq 97.5\%$ AFUE natural gas backup paired with a minimum 18 SEER, 10 HSPF, and 11.5 energy efficiency ratio (EER) heat pump. The Company does not see a need and is not proposing to adjust those requirements currently. However, the Company anticipates a need to be responsive to system specification changes in coming years due to the dynamic and rapidly advancing nature of this type of equipment, to be responsive to rebate-qualifying dual-fuel specification changes associated with the inflation reduction act (IRA), and to maintain alignment with Rocky Mountain Power's dual-fuel heating rebate specifications. Accordingly, like Rocky Mountain Power, the Company proposes to place such changes on its website and in its program documents to afford the Company to make such changes mid-year without need of seeking specific Commission approval.

9. In addition to the proposed 2024 changes mentioned above, the Company proposes to make several minor Tariff changes, for purposes of accuracy, which are outlined in the Legislative and Proposed Tariff sheets (DEU Energy Efficiency Exhibit 1.9). DEU Energy Efficiency Exhibit 1.1 sets forth the current Appliance Program description for 2024.¹

¹ The Appliance Program description may change during the year as described above.

10. **ThermWise® Builder Rebates.** Under this program, the Company offers rebates to residential builders for installing qualifying energy efficiency measures and constructing homes that meet certain whole-home efficiency requirements. The ThermWise® Builder Program is available to all newly constructed residences receiving service on the GS rate schedule. The Company proposes to eliminate the HVAC monitoring and diagnostic systems rebate and implement the dual-fuel heating systems Tariff changes in 2024 for the same reasons as described in the Appliance Program discussion.

11. In addition to the previously discussed changes, the Company proposes to make several minor Tariff edits, for purposes of accuracy, which are outlined in the Legislative and Proposed Tariff sheets (DEU Energy Efficiency Exhibit 1.9). DEU Energy Efficiency Exhibit 1.2 sets forth the current Builder Program description for 2024.²

12. **ThermWise® Business Rebates.** Under this program, the Company offers rebates to commercial GS customers who purchase and install qualifying natural gas efficiency measures. The Company proposes to continue this program in 2024 with the addition of a rebate for variable refrigerant flow (VRF) systems that include a natural gas dedicated outdoor air system (DOAS). VRF with natural gas DOAS systems provide ultra-efficient space heat, using a refrigerant and compression process, which is employed after pre-heating incoming outside air to a pre-determined setpoint. The high efficiency natural gas-fueled DOAS pre-heats incoming outside air, to typically between 65° and 70° in the Utah climate zones, after which the VRF unit delivers heated air to the thermostatically controlled conditioned spaces in a building. VRF with natural gas DOAS systems can achieve between 300% and 400% efficiency levels. These systems obtain their high efficiency by using inverter compressors. Inverter

² The Program documents may change from time to time throughout the program year but will remain consistent with the Tariff.

systems allow the compressor to ramp up or down based on the needs within each conditioned space. In VRF with natural gas DOAS systems, the refrigerant passes through condenser units to indoor units, cutting down on the need for extensive ductwork. The smaller pipes make it easier to retrofit in older buildings than traditional HVAC systems. Removing ducts from the equation is part of the increased energy efficiency. The U.S. Department of Energy's Energy Saver reports that more than 30% of energy consumption could be due to losses of cool air through ducts. Additionally, the Company estimates that natural gas usage from the DOAS pre-heat unit can be reduced by an additional 30%, or 6.86 dekatherms (Dth) per ton, annually in comparison to typical natural gas HVAC solutions. The Company proposes to rebate dual fuel VRF systems at \$150 per ton in 2024.

13. The Company also proposes to change the eligibility of businesses to participate in the current boiler tune-up measures (tier 1, 2, & 3) from every other year to annual participation. This proposed change is based on feedback from HVAC professionals on the need for a more frequent tune-up cycle. Additionally, the Company proposes to make several minor Tariff changes for purposes of accuracy as well as implement the dual-fuel heating systems Tariff changes in 2024 for the same reasons as described in the Appliance Program discussion. These changes are shown in the included Legislative and Proposed Tariff sheets (DEU Energy Efficiency Exhibit 1.9). DEU Energy Efficiency Exhibit 1.3 sets forth the current program description for 2024.³

14. **ThermWise® Home Energy Plan.** Under this program, the Company offers residential GS customers the opportunity to have an in-home, mail-in, or virtual home energy assessment performed by a trained representative. The Company proposes to continue this

³ The Program documents may change from time to time throughout the program year but will remain consistent with the Tariff.

program with no major changes. DEU Energy Efficiency Exhibit 1.4 sets forth the complete program description for 2024.

15. **ThermWise® Weatherization Rebates.** Under this program, the Company offers residential GS customers rebates for installing qualifying weatherization measures. The Company proposes to continue this program with no major changes in 2024. DEU Energy Efficiency Exhibit 1.5 sets forth the complete program description for 2024.

16. **Low-Income Efficiency Program.** The Company proposes to maintain funding for the Low-Income Efficiency Program at \$500,000 per year. The Company will continue to disburse \$250,000 every six months, with the disbursements occurring in January and in July. The Company also proposes to eliminate the HVAC monitoring and diagnostic systems rebate and implement the dual-fuel heating systems Tariff changes previously described in the Appliance Program discussion, beginning in 2024. DEU Energy Efficiency Exhibit 1.6 sets for the complete program description for 2024.

17. **Market Transformation Initiative.** In addition to the energy efficiency rebate programs outlined above, Dominion Energy is proposing to continue its comprehensive Market Transformation Initiative (MTI). Market Transformation involves promoting ongoing and lasting changes to natural gas appliance penetration rates and new construction markets, as well as natural gas conservation.

18. One component of the MTI is a market awareness campaign designed to (1) enhance the Company's involvement in energy efficiency and conservation promotion; (2) change consumer and market participation behaviors; and (3) encourage persistent demand for energy efficiency products and practices.

19. Another component of the MTI involves the sponsorship of building code training for stakeholders in the construction industry. The Governor's Office of Energy Development (OED) conducts building code training programs, in collaboration with and through partial funding from Dominion Energy. The purpose of the training is to support the adoption, awareness, and enforcement of building codes associated with the IECC code. Based on the success of previous training sessions, and the ongoing need in the market for more specific training sessions, the Company proposes to continue funding these training sessions in 2024 at a level of \$80,000. The Office of Energy Development will continue to work with an outside vendor to design and conduct these trainings in 2024.

20. The next component of the MTI is the ThermWise.com website. The Company launched an informative, interactive, easy-to-use, and dedicated energy efficiency website (www.ThermWise.com) during 2007. The website provides consumers with EE program descriptions, rebate applications, information regarding the economics of energy efficiency, other information to help consumers reduce their energy consumption, on-line energy audit input capability, and links to other useful websites related to energy efficiency and conservation. ThermWise.com has undergone several design changes since 2007, in an effort to make the site more user friendly. Content has also been updated year-to-year to reflect the changing mix of rebate-eligible measures and provide customers with up-to-date energy saving tips. The Company proposes to make only necessary updates to ThermWise.com for annual programmatic changes in 2024.

21. In its Order issued December 29, 2017, in Docket No. 17-057-22 (December 29, 2017 Order), the Commission provided guidance regarding future applications for the MTI. Specifically, the Commission supported the recommendation that the applications include

strategies and justification for proposed budget amounts. Additionally, the Commission indicated support for the Advisory Group and the collaborative process originally envisioned for this group as outlined in the Joint Application filed December 16, 2005 (Docket No. 05-057-T01). The Company has sought to be responsive to this guidance throughout 2023. The Advisory Group met April 24, 2023, and September 21, 2023. At both meetings, the Company or its contracted marketing firm, Faktory Inc. (Faktory), discussed aspects of the current or future ThermWise® campaign. Representatives from Commission staff, the Utah Division of Public Utilities (Division), and the Utah Office of Consumer Services (Office) participated in the meetings and provided useful feedback along with other program stakeholders.

22. The Company's contracted survey firm, Lighthouse Research (Lighthouse), conducted 2023 customer survey and Faktory presented the results at the September 21, 2023 Advisory Group meeting. Lighthouse conducted the survey by phone in April of 2023 and contacted customers. Respondents were evenly split between genders and with an age profile that was similar to the Company's overall 2023 customer base. Faktory followed the presentation of Lighthouse survey results with 2024 recommendations. Based on the survey, the Company's marketing experts concluded that the majority of the Company's customers (88%) believe it's important for utilities to offer efficiency programs.

23. In 2021, Faktory recognized that an overall downward trend seemed to be emerging where customer unaided awareness of the State's efficiency programs has decreased significantly between 2016 and 2020, however the declining trend seems to have reversed. Overall awareness in 2022 and 2023 has gradually gone up from a low of 56% in 2020 to 61% in the 2023 survey. In 2024 the Company plans to continue to use traditional media, such as TV and radio, while also working to connect with customers through digital media. The

Company will continue to develop and enhance digital strategies in efforts to reach a broad audience and ensure the ThermWise[®] website is optimized to address consumer needs. The 2024 campaign will message to customers how they can save energy and money through participation in the ThermWise[®] programs and, that the best way to get started down this path, is accomplished by scheduling a Home Energy Plan.

24. In addition to the annual customer survey, the Company partnered with Faktory in 2022 to conduct two focus groups of Dominion Energy customers, in order to gain a better understanding of customer sentiment and attitudes toward Therm, the Company's longtime spokesperson. The Company presented the results of the focus groups at an Advisory Group meeting held on August 18, 2022. The focus groups indicated that sentiment toward Therm was neutral to positive, with only one participant voting that Therm should continue as the campaign spokesperson and the remaining customers indicating that it did not matter either way. The focus group also concluded that Therm is recognizable but not influential for consumer behavior. As a result of the 2022 focus group feedback, the Company moved forward with a 2023 strategy to reduce the appearance of Therm in on-camera and digital advertising. The Company did however continue to use the actor who plays the character of Therm in a more limited role, doing only voiceover work related to the energy efficiency programs in 2023. The Company proposes to continue to use that same strategy for its 2024 marketing campaign.

25. Another component of the MTI in recent years has been an evolving partnership with Utah non-profits to promote and implement high efficiency building practices. Beginning in 2019, the Company proposed to collaborate with Habitat for Humanity organizations throughout Utah to promote advanced building techniques by supporting the construction of Net-Zero Homes. This collaboration was focused on building homes that met Net-Zero energy

and Net-Zero energy ready standards. A Net-Zero Home is defined as an energy-efficient building where, on a source energy basis, the actual annual consumed energy is less than or equal to the onsite generated or subscriber renewable energy procured.

26. The Company has funded a total of four Net-Zero energy ready projects between 2019 and 2022. Those projects have been constructed in Ogden, Layton, Syracuse, and Park City in collaboration with regional Habitat for Humanity organizations (Ogden and Park City) and high school building programs in Davis School District (Layton and Syracuse). While this program has seen strong interest in 2023, participation has lagged due, at first, to lack of available land for non-profit related projects. In the latter half of 2022 and throughout 2023, increases in interest rates and other financing issues have also contributed to the slowdown in project interest. As a result, the Company anticipates that the entire \$200,000 Net-Zero energy ready homes budget will remain unspent in 2023.

27. The Company proposes to continue the Net-Zero energy ready homes initiative with a budget of \$200,000 in 2024. The Company believes that provisions contained within the previously mentioned IRA could help address the interest rate and financing issues previously discussed and lead to projects in 2024. The Company has also had promising discussions in 2023 with entities whose future projects could qualify for funding through the Net-Zero energy ready homes initiative. The Company proposes to continue to work with those entities, Habitat for Humanity organizations, other non-profits, high school building programs, and higher education building programs throughout Utah in 2024. The goals of the 2024 Net-Zero energy ready homes initiative remain the same as those first proposed in the 2019 budget: To advance highly efficient natural gas and electric technologies, promote above-code building shell construction techniques, and train the upcoming generations of trades in advanced building

practices. More specific information on the strategies to engage customers in the ThermWise® Programs, budgets, and studies in support of the proposed 2024 changes to the MTI can be found in DEU Energy Efficiency Exhibit 1.7.

28. **ThermWise® Energy Comparison Report.** The ThermWise® Energy Comparison Report (ECR) allows customers to compare their natural gas usage with neighboring homes that are similarly sized and situated. The Comparison Report encourages customers to employ energy efficiency measures and behaviors. The Company developed the Comparison Report and first offered it to customers in November 2011. The Company initially sent the report to a small group of customers (Group A – 8,000 customers) as a pilot program. The Company has since launched larger pilot groups in 2012 (Group B – 25,000), 2013 (Group C – 100,000), 2014 (Group D – 100,000), 2016 (Group E – 55,000), 2017 (Group F – 50,000), 2018 (Group G – 50,000), 2019 (Group H – 25,000), 2020 (Group I – 25,000), and in 2022 (Group J – 50,000). In 2023 the Company sent the report, via U.S. and electronic mail, to more than 280,000 of its customers. The Company maintains an additional control group of more than 100,000 customers who do not receive the report, for comparison purposes to determine natural gas savings achieved from delivery of the Comparison Report. Apart from the control group, all customers can generate and view a copy of their Comparison Report through their online account at www.dominionenergy.com. As of the middle of October 2023, the Comparison Report had been generated over 376,000 times online by over 141,000 unique customers.

29. The Company proposes to decrease delivery of the Comparison Report to 220,000 in 2024. The Company reaches this total number by discontinuing Group C and E and adding Group L. Data shows that customers not only change behaviors to save natural gas

because 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 2019 that showed, when contrasted against a control group of non-recipients, customers who had received their Comparison Report were more likely to participate in a ThermWise® rebates and/or request a Home Energy Plan. The Company proposes to continue to target the Comparison Report to customers with higher usage relative to conditioned square footage. DEU Energy Efficiency Exhibit 1.8 sets for the complete program description for 2024.

30. **Tariff Sheets.** Tariff sheets for all programs are attached in both legislative and proposed formats as DEU Energy Efficiency Exhibit 1.9. These proposed Tariff sheets do not constitute a violation of State law or Commission rule. The Company proposes that these Tariff sheets become effective January 1, 2024.

III. PROPOSED 2024 BUDGET

31. The total 2024 proposed budget for Dominion Energy's Energy Efficiency Programs and the Market Transformation Initiative is \$25.6 million and is shown in DEU Energy Efficiency Exhibit 1.10, column T, line 12. The proposed 2024 budget is a \$2.5 million decrease from the 2023 budget (Docket No. 22-057-18). This projected decrease is mainly due to lower expected participation in the ThermWise® Appliance, Business, and Weatherization programs. The 2024 budget is reflective of the 2023 nine (9) month (January-September) actual participation numbers; insights from retailers, distributors, and other trade allies. The market knowledge and expertise of the Company's contractor, Resource Innovations, Inc., is also incorporated in the proposed 2024 budget. To the extent actual participation levels differ from projected levels, actual costs will differ from budget. The Company proposes to continue to provide the actual participation levels and related costs and gas savings compared to projections to the Division quarterly.

32. The Company projects that customer incentives will decrease, as a percentage of the total budget, by 2.8% from 2023 (77.4%) to 2024 (74.7%). The most recently published American Gas Association (AGA) 2021 study of natural gas efficiency programs (Natural Gas Efficiency Programs Report – 2020 Program Year⁴) showed the average non-incentive costs for the 39 states (and the District of Columbia) participating in natural gas efficiency programs to be 43% of total expenditures. Additionally, of the 23 states with natural gas efficiency expenditures over ten million dollars, Utah ranked fifth in terms of lowest non-incentive costs (18%) as a percentage of overall expenditures. DEU Energy Efficiency Exhibit 1.7 (page 7) provides greater detail on the results of the 2021 AGA study.

33. **ThermWise® Appliance Rebates.** The Company expects participation in this program to decrease in 2024 by 10%. The Company also expects the 2024 program budget to decrease by 16% (DEU Energy Efficiency Exhibit 1.10, column I, line 13) and the related gas savings to decrease by 20% (DEU Energy Efficiency Exhibit 1.10, column I, line 16). These projected decreases are a result of the Company’s expectation that the United States and Utah will continue to experience a slowing economy as a result of inflation and rising interest rates. However, the Company believes that some of the factors impacting the economy and participation in energy efficiency measures could be mitigated in 2024 by provisions contained within the IRA.

34. **ThermWise® Builder Rebates.** For 2024 the Company is projecting a 1% decrease in program participants over 2023. The Company also projects the 2024 program budget to decrease by 1% (DEU Energy Efficiency Exhibit 1.10, column G, line 13) and the related natural gas savings to decrease by 4% (DEU Energy Efficiency Exhibit 1.10, column

⁴ The American Gas Association’s Natural Gas Efficiency Programs Report is available at: www.aga.org/wp-content/uploads/2023/10/2020-Natural-Gas-Efficiency-Programs-Report.pdf .

G, line 16). These projected decreases are largely the result of realized and expected increases in interest/mortgage rates.

35. **ThermWise® Business Rebates.** The Company projects that the 2024 program budget will decrease by 16% (DEU Energy Efficiency Exhibit 1.10, column K, line 13) in comparison to the 2023 budget and that natural gas savings will decrease by 34% (DEU Energy Efficiency Exhibit 1.10, column K, line 16). The primary reason for the lower proposed budget and expected natural gas savings relates to continuing economic challenges as well as the changing mix of projected rebate measure participation from 2023 to 2024.

36. **ThermWise® Home Energy Plan.** The Company projects 2,240 virtual/in-home energy plans will be performed in 2024. This projection is the same as the 2023 home energy plan participation forecast. The Company also expects the overall program cost in 2024 to increase by 5% in comparison to 2023 (DEU Energy Efficiency Exhibit 1.10, column C, line 13). These increases are due to higher expected operating costs in 2024.

37. **ThermWise® Weatherization Rebates.** The Company projects that 2024 participation will decrease by 15% and that natural gas savings will decrease by 14% (DEU Energy Efficiency Exhibit 1.10, column E, line 16) in comparison to the 2023 budget. The Company also expects the overall program budget in 2024 to decrease by 12% in comparison to 2023 (DEU Energy Efficiency Exhibit 1.10, column E, line 13).

38. **Low-Income Efficiency Program.** The proposed 2024 budget for this program is \$.76 million or 7% higher (DEU Energy Efficiency Exhibit 1.10, column Q, lines 13) than 2023. The Company also projects that natural gas savings will increase by 1% (DEU Energy Efficiency Exhibit 1.10, column Q, line 16) in comparison to the 2023 budget. The proposed increase in program budget is based on feedback from Utah Weatherization Assistance Program

(UWAP). The UWAP has received a long-term increase in federal funding that will allow them to perform more work throughout the state, resulting in a greater number of rebates in 2024. Funding for furnace replacements is proposed to remain at \$500,000 in 2024.

39. **Market Transformation Initiative.** The 2024 fundamentals of the ThermWise[®] marketing campaign are expected to remain similar to previous years. Therm will continue to be the voice of the Company's energy efficiency programs. The 2024 proposed budget for the MTI includes \$900,000 in advertising and media purchases; \$280,000 for special marketing events, trade/consumer shows, community initiatives, and special event sponsorships; and \$50,000 for ThermWise[®] management and administration. The budget also includes \$10,000 for program design, and \$80,000 for State of Utah energy efficiency codes training. The budget for the MTI in 2024 is proposed to remain the same (DEU Energy Efficiency Exhibit 1.10, column M, line 13) as 2023. A comprehensive discussion of the MTI is included as DEU Exhibit 1.7.

40. **ThermWise[®] Energy Comparison Report.** The 2024 budget for the ThermWise[®] Energy Comparison Report is proposed to decrease by 5% (DEU Energy Efficiency Exhibit 1.10, column O, line 13) and natural gas savings to decrease by 21% (DEU Energy Efficiency Exhibit 1.10, column O, line 16). These decreases are anticipated as a result of the 60,000 fewer recipients of the ECR proposed for 2024.

41. The majority of the ECR budget (90%) is directly attributable to the postage costs associated with delivering the report to customers. The remainder of the Comparison Report budget is necessary for programming and other labor associated with the ongoing maintenance of the Company developed system. It is important to note that the Company's internally developed ECR has been delivered at significant cost savings to Utah customers.

Comparable programs, delivered by third-party vendors, can cost significantly more than the Company's internally developed program. The Company believes that it has developed a program that will not only deliver energy savings but will also deliver those savings at a cost that is unmatched in the market.

42. **Total Budget.** The total 2024 budget is proposed to be \$25.6 million (DEU Energy Efficiency Exhibit 1.10, column T, line 12). This budget is a decrease of \$2.5 million (DEU Energy Efficiency Exhibit 1.10, column V, line 12) or 9% lower than the total 2023 budget. Total savings are projected to be .91 million Dth/year (DEU Energy Efficiency Exhibit 1.10, column T, line 15) or 17% below projected 2023 natural gas savings estimates. The primary reasons for the expected decrease in 2024 natural gas savings are the lower expected participation levels in the Appliance, Business, and Weatherization programs. The 2024 proposed budget reflects a concerted effort to reach all GS market segments and produce significant, persistent, and cost-effective natural gas savings through a comprehensive energy efficiency campaign.

IV. COST EFFECTIVENESS

43. A summary of the cost effectiveness for each program is attached as DEU Energy Efficiency Exhibit 1.11. Page 1 of this exhibit summarizes the test results of the proposed programs along with the market transformation initiative. Although the market transformation initiative does not lend itself to the same economic analysis as the Energy Efficiency rebate programs, it has been included so that the overall impact of all programs can be measured and analyzed. A benefit-cost ratio greater than 1 is indicative of benefits exceeding costs, and therefore "passes" the test. As shown on page 1, line 9, column C of DEU Energy Efficiency Exhibit 1.11, the overall benefit-cost ratio for the Total Resource Cost (TRC) test of all programs and the MTI is 1.48. And as shown on line 9, column G, the Utility Cost test (UCT)

for all programs is 1.76. Additionally, as shown on line 9, column E, the overall benefit-cost ratio for the Participant Cost test passes at 5.12, and as shown on line 9 column I, the Ratepayer Impact Measure test (RIM) for all programs equals 0.86. A detailed benefit-cost analysis of each program by measure has been included in pages 2-9 of DEU Energy Efficiency Exhibit 1.11. The cost-effectiveness tests included in this Application have been calculated using a 4.58% discount rate which is consistent with the Company's Integrated Resource Plan (IRP). Additionally, gas prices and GS rates have also been updated in the Model to reflect expected 2024 market conditions.

44. The Model, developed by the Company to measure the cost-effectiveness of the programs (Model), is based on the California Standard Practice Manual and is the same Model that was used in the 05-057-T01 docket. The Model has been reviewed by Nexant and the Utah ThermWise[®] Advisory Group and has been used by other utilities in the nation in program implementation and cost-effectiveness analysis.

45. The Company has relied on specific market reports, industry studies, and the expertise of Resource Innovations to arrive at the savings levels, measure life and incremental customer cost for each measure of each program. DEU Energy Efficiency Exhibit 1.12 provides the source and/or references for the estimated gas savings, measure life, and incremental cost for each measure of each program.

46. Dominion Energy has successfully implemented a broad range of programs and a Market Transformation Initiative. The Company has implemented best practices to help ensure that necessary and reasonable steps have been taken to implement cost-effective programs that benefit all GS customers. This 2024 Application and Budget will continue and expand these efforts to meet the gas savings goals of customers and the State of Utah.

V. PRAYER FOR RELIEF

47. Based on the foregoing, Dominion Energy respectfully requests that the Commission issue an order: 1) approving the Application for the 2024 budget for the Energy Efficiency Programs and continuation of Dominion Energy’s Market Transformation Initiative for implementation on January 1, 2024; 2) approving the program changes described herein; and 3) approving the proposed Tariff sheets effecting the improvements in the EE programs described herein.

DATED this 31st day of October, 2023.

Respectfully submitted,

DOMINION ENERGY

A handwritten signature in blue ink that reads "Jenniffer Nelson Clark". The signature is written in a cursive style and is positioned above a horizontal line.

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VERIFICATION

STATE OF UTAH :
)
CITY OF SALT LAKE :

Michael A. Orton, being first duly sworn upon oath, deposes and states: He is the Manager of Energy Efficiency and Demand Side Management of Dominion Energy, Inc.; he has direct personal knowledge of the matters addressed herein; he has read the foregoing Application; and the statements made in the Application are true and correct to the best of his knowledge, information and belief.



Michael A. Orton

Subscribed and sworn to before me this 31 day of October, 2023.



Notary Public



CERTIFICATE OF SERVICE

I, Ginger Johnson, certify that a true and correct copy of the foregoing Application was served upon the following by electronic mail on October 31, 2023:

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