

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Questar)
Gas Company for Approval of the 2013 Year) DOCKET NO. 12-057-14
Budget for Energy Efficiency Programs and)
Market Transformation Initiative) REPORT AND ORDER
) APPROVING 2013 DSM BUDGET
) INCREASE
)
)

ISSUED: September 20, 2013

By The Commission:

PROCEDURAL HISTORY

This matter is before the Public Service Commission of Utah (“Commission”) on Questar Gas Company’s (“Company”) July 31, 2013, report on demand side management (DSM) expenditures and decatherm (Dth) savings to date (“Report”), filed pursuant to the Commission’s January 16, 2007, order in Docket No. 05-057-T01 (“Order”).¹ Paragraph 4 of the Order states:

Questar shall report to the Commission when the amount spent for any program reaches ninety percent of the budgeted amount, along with an estimate of the projected spending needed for the remainder of the year. To the extent the projected spending exceeds the original budgeted amount Questar must seek Commission approval for the higher projected levels of spending.

The Report states the Weatherization program had surpassed its budget for the 2013 calendar year. The Report further requests Commission approval for a budget increase for the remainder of 2013. The Company estimates total Weatherization program spending could reach \$16.4 million, or nearly 200 percent of budget, if historical participation rates and 2013 participation trends continue through to the end of the year.

¹ See Docket No. 05-057-T01, *In the Matter of the Approval of the Conservation Enabling Tariff Adjustment Option and Accounting Orders*, Order dated January 16, 2007.

The Office of Consumer Services (“Office”) and the Division of Public Utilities (“Division”) filed comments on September 3, 2013. On September 10, 2013, the Company filed reply comments.

COMMENTS

The Office states it has reviewed the cost-benefit tests and agrees the Weatherization program is cost effective. The Office recommends approval of the budget increase request but also recommends changes to address its concerns with marketing expenses and the budgeting process. Specifically, the Office recommends the Commission 1) reconsider the 90 percent budget threshold for the required notice, by either resetting the percentage or requiring a minimum number of days before the budget is expended; 2) require the Company to work with the DSM Advisory Group to determine the underlying factors leading to budget overruns in order to improve future forecasts; 3) require the Company to evaluate whether the marketing expenses for individual programs as well as the overall Market Transformation Initiative are set at the correct level. The Office also notes the increased level of spending will increase the balance in the DSM balancing account owed by customers to the Company. The Office states this will require an increase in the DSM collection rate in order to maintain the current schedule for decreasing the balancing account to zero.

The Division recommends approval of the budget increase request and recommends the Commission approve \$31 million as the new 2013 budget. The Division recommends the Commission require the Company to seek approval of any further increases to this revised budget. The Division notes that after accounting for the requested budget increase,

this year's total DSM spending by Questar will still be less than the amounts spent in two of the last three years. Therefore, the Division concludes the total level of spending is not out-of-line with recent trends. The Division also notes that the Total Resource Cost (TRC) benefit-cost ratio for the Weatherization program is 1.2, while the TRC benefit-cost ratio for all of the Company's DSM programs collectively is 1.1. Therefore, the Division concludes the budget increase will improve the overall cost-benefit result for the Company's DSM programs.

The Company concurs with the Division's recommendation to apply the reporting requirements in Docket No. 05-057-T01 to the revised budget. However, the Company opposes the additional reporting requirements suggested by the Office, and responds to the Office's concerns regarding increased expenditures, marketing expenses, and the budgeting process. The Company commits to work with the Office and other stakeholders to ensure timely reporting of program expenditures and to work on better communication with the DSM advisory group concerning the underlying factors affecting increases to program participation. The Company also notes it filed a request to change the amortization rate for the DSM balancing account in Docket No. 13-057-09 on September 3, 2013, with the intention of reducing the account balance to zero by April 2014.²

DISCUSSION, FINDINGS AND CONCLUSIONS

Based upon the Report, the analysis and recommendations of the Division and the Office, and the reply comments of the Company, the Commission finds the requested budget increase for the Company's DSM programs is in the public interest.

² See Docket No. 13-057-09, *In the Matter of the Application of Questar Gas Company to Amortize the Energy Efficiency Deferred Account Balance*.

DOCKET NO. 12-057-14

- 4 -

ORDER

Pursuant to the foregoing discussion, findings and conclusions made herein, we

ORDER:

1. The Company's 2013 DSM budget of \$31 million is approved.
2. The notification and budget increase approval requirements set forth in Docket No. 05-057-T01 apply to the revised budget of \$31 million.

DATED at Salt Lake City, Utah, this 20th day of September, 2013.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#247313

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 20th day of January, 2013, a true and correct copy of the foregoing REPORT AND ORDER APPROVING 2013 DSM BUDGET INCREASE, was served upon the following as indicated below:

By Electronic-Mail:

Colleen Larkin Bell (colleen.bell@questar.com)
Jenniffer Nelson Clark (jenniffer.clark@questar.com)
Questar Gas Company

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

Office of Consumer Services
160 East 300 South, 2nd Floor
Salt Lake City, Utah 84111

Administrative Assistant