



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission
From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Carolyn Roll, Utility Analyst

Date: December 1, 2014

Re: Docket No. 13-057-14. In the Matter of Questar Gas Company's Report on DSM Expenditures and Decatherm (Dth) Savings to Date.

RECOMMENDATION (APPROVAL)

The Division of Public Utilities (Division) believes that the increase in the Builder and Business programs are in the public interest and recommends approval by the Public Service Commission of Utah (Commission). No further action on the rest of the 2014 Energy Efficiency (EE) Budget is required.

ISSUE

On October 30, 2014 Questar Gas Company (Questar) filed a report with the Commission indicating that expenditures for the 2014 ThermWise Builder Program reached a total of \$2.6 million or 93% of budgeted levels during August, 2014. Expenditures for the Builder Program are forecasted to reach \$3.9 million or 139% of budget by year end. Additionally, expenditures for the 2014 ThermWise Business Program reached a total of \$1.9 million or 94% of budgeted

levels during August, 2014. Expenditures for the Business Program are forecasted to reach \$2.8 million or 142% of budget by year end. Questar requested Commission approval of the increase in expenditures for the Builder and Business Programs. On October 31, 2014 the Commission issued an Action Request to the Division regarding this matter. This is the Division's response to the Action Request.

DISCUSSION

The Commission's Order in Docket 05-057-T01 dated January 16, 2007 states:

Questar shall report to the Commission when the amount spent for any program reaches ninety percent of the budgeted amount, 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 level of spending.

Questar has complied with the Commission's Order and filed what appears to be a request to increase the 2014 ThermWise Builder Program Budget along with an estimate of projected spending. At the end of July, 2014, the ThermWise Builder Program's total expenditures were \$2.30 million or 83% of the total budget amount of \$2.77 million. By the end of August, the Builder Program's expenditures reached \$2.58 million or 93% of budget and are expected to end the year at \$3.87 million, 39% over budget. The higher than expected spending in the Builder Rebates program is due to higher participation particularly in the 95% efficient furnace rebate measure for both single and multi-family market segments.

Questar has also filed what appears to be a request to increase the 2014 ThermWise Business Program Budget along with an estimate of projected spending. At the end of July, 2014, the ThermWise Business Program's total expenditures were \$1.41 million or 71% of the total budget amount of \$1.99 million. By the end of August, the Business Program's expenditures reached \$1.87 million or 94% of budget and are expected to end the year at \$2.81 million, 42% over budget. The higher than expected spending in the Business Rebates program is due to higher participation in hot water heaters, infrared heaters, retrofit attic insulation, and 95% natural gas furnace measures.

Both the Builder and Business Programs will have higher than estimated customer rebate total which will result in higher related Dth savings than budgeted. Higher customer participation rates should also improve the overall Builder and Business program cost-effectiveness results. For the quarter ending June 30, 2014 the Builder and Business Total Resource Cost Effectiveness was 0.9 and 1.1 respectively.

The Company has provided an estimate of total 2014 EE expenditures for each ThermWise Program that shows a total of \$27.1 million or 99% of the total 2014 EE budget is expected to be spent. While the Builder and Business programs are forecasted to exceed the projected budget, other programs are lower than forecast with the total program projected to remain below the total amount budgeted.

CONCLUSION

Based on the increased participation in the ThermWise Builder program and ThermWise Business program, specifically the 95% efficient furnace and hot water boilers, the Company anticipates the 2014 EE Budget to be 99% of the approved budget. The Division believes the increase in the Builder and Business programs are in the public interest and recommends approval by the Public Service Commission. No further action on the rest of the 2014 Energy Efficiency Budget is required at this time.

CC Barrie L. McKay, Questar Gas Company
 Michael Orton, Questar Gas Company
 Michele Beck, Office of Consumer Services
 Service List