

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Questar )    ) DOCKET NO. 14-057-25  
Gas Company for Approval of the 2015      )  
Year Budget for Energy Efficiency         )  
Programs and Market Transformation       )  
Initiative                                      )  
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ISSUED: December 10, 2014

PROCEDURAL HISTORY

This matter is before the Public Service Commission of Utah (“Commission”) on Questar Gas Company’s (“QGC”) October 14, 2014, Application for Approval of the 2015 Year Budget for Energy Efficiency Programs and Market Transformation Initiative (“Application”). QGC’s Application contains a description of the proposed energy efficiency and market transformation programs and budget (“Program”). The Application requests approval of costs associated with the delivery and evaluation of proposed energy efficiency programs, specified changes to programs, and proposed tariff sheets.

In the Application, QGC proposes to continue the following Energy Efficiency Programs:

1. ThermWise® Appliance Rebates;
2. ThermWise® Builder Rebates;
3. ThermWise® Business Rebates;
4. ThermWise® Weatherization Rebates;
5. ThermWise® Home Energy Plan;
6. ThermWise® Business Custom Rebates;
7. Funding of \$500,000 for the Low Income Efficiency Program; and
8. Market Transformation.

Additionally, QGC proposes to separate the ThermWise® Energy Comparison Report from the Market Transformation program and begin tracking it as a separate program.

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The Application presents evidence that from a combined total basis, using projected participation rates, administrative costs and gas prices, the proposed programs pass the Total Resource Cost test with a score of 1.12 (compared to the previous year's result of 1.09), the Utility Cost test with a benefit to cost ratio of 1.36 (previous year 1.41), and the Participant Cost test with a benefit to cost ratio of 3.08 (previous year 2.88). However, the combined programs fail to pass the Ratepayer Impact Measure test with a benefit to cost ratio of 0.77 (previous year 0.80). Additionally, the ThermWise® Builder Rebates program fails to pass the Total Resource Cost test, with a benefit to cost ratio of 0.94 (previous year 0.90). Each separate program (excluding the market transformation program) passes the Utility Cost test, and all fail the Ratepayer Impact Measure test. The proposed budget is \$28,528,107 for 2015; this compares with the 2014 budget of \$27,419,600. Total savings in 2015 are projected to be 905,288 decatherms per year, or 19 percent above projected 2014 natural gas savings estimates.

On October 15, 2014, the Commission issued an action request to the Division of Public Utilities ("Division") to evaluate QGC's Application and file a recommendation. On October 28, 2014, the Commission issued a notice of filing and comment period allowing for interested parties to file comments on or before Friday November 14, 2014.

On November 6, 2014, Mr. Dan Dent provided comments addressing the Application. Mr. Dent's comments are critical of the market transformation spending proposals and urged the Commission to "question (or maybe even reject) the Market Transformation budget" as currently proposed by QGC.

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On November 14, 2014, the Division filed comments recommending approval of the Application. The Office of Consumer Services (“Office”) also filed comments on November 14, 2014, raising several issues and making the following recommendations:

1. Reject the market transformation budget as filed and require it to be filed separately for the 2015 marketing year and for all subsequent years.
2. Approve the remaining Energy Efficiency budget request along with proposed program changes, including removing the Energy Comparison Reports from the market transformation budget and separately funding that program.
3. Order the Company to immediately discontinue use of any advertisements that refer customers to fallprep.com or the Rocky Mountain Gas Association (“RMGA”) website rather than to a more general referral to licensed and qualified contractors.
4. Order the Company to discontinue allowing the use of Therm and ThermWise® images on the RMGA website.

On November 25, 2014, QGC and the Office filed reply comments. QGC’s reply comments include a list of actions it proposes to take in response to the concerns raised by the Office. QGC represents that it met with the Office and reached agreement that the proposed actions address the Office’s issues and replace the Office’s prior recommendations. The proposed actions are:

1. The Market Transformation Initiative will continue to be filed as a component of the Program budget. In the first Advisory Group meeting of 2015, QGC will lead a discussion on market transformation strategy and how the findings of the 2014

Lighthouse survey are incorporated into that strategy. QGC will also include an explanation of market transformation strategy in all future applications.

2. By December 1, 2014, QGC will discontinue referring customers directly to RMGA. QGC will also edit the Fallprep.com website to exclude any reference to RMGA.
3. In consultation with the Advisory Group, QGC will develop a written policy on third-party use of the ThermWise® brand and images.
4. By December 1, 2014, the current ThermWise® image will be removed from the RMGA website. Future usage of ThermWise® images will be consistent with the written policy developed by QGC with the input of the Advisory Group.

In its reply comments the Office affirms that QGC's proposed actions address its concerns sufficiently and that it withdraws its initial recommendations, but it expressed the opinion that it: ". . . remains concerned about MTI [market transformation initiative] spending levels and whether the specific uses of the MTI budget are the best use of those ratepayer funds. The Office will continue to analyze the MTI budget and may make additional recommendations regarding the spending levels in future dockets."

#### DISCUSSION

The Commission notes the concerns expressed by the Office with respect to certain aspects of the market transformation expenditures. We agree that while there appears to be ratepayer value in the market transformation effort overall, it is very difficult to precisely quantify such value. While no party is making current recommendations on this issue, we recognize and anticipate the potential future recommendations discussed by the Office. We

encourage both QGC and its Advisory Group to continue working on developing methods of evaluating the effectiveness of this initiative.

FINDINGS AND CONCLUSIONS

Based on the Application and comments filed by QGC and the analysis and recommendations of the Division and the Office, we find the proposed 2015 budget and programs as described in the Application, and the proposed actions proffered in QGC's reply comments, are just and reasonable and in the public interest. While the public comment received remains critical, we find that the support of the Division and the Office for the 2015 budget and programs, and for QGC's additional proposed actions, provide a sufficient basis to approve the proposed 2015 budget and programs. We conclude that the proposed 2015 budget and programs are consistent with the applicable statutes, rules, and orders.

ORDER

1. QGC's Application for the 2015 budget for the Energy Efficiency Programs and Market Transformation Initiative is approved with an effective date of January 1, 2015.
2. QGC's request to begin tracking and accounting of the ThermWise® Energy Comparison Report as a separate program is approved.
3. QGC's proposed tariff sheet changes are approved as filed, effective January 1, 2015.

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DATED at Salt Lake City, Utah, this 10<sup>th</sup> day of December, 2014.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#262476

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.

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CERTIFICATE OF SERVICE

I CERTIFY that on the 10<sup>th</sup> day of December, 2014, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

Colleen Larkin Bell ([colleen.bell@questar.com](mailto:colleen.bell@questar.com))  
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Administrative Assistant