

Colleen Larkin Bell (5253)
Jenniffer Nelson Clark (7947)
Questar Gas Company
333 South State Street
P.O. Box 45360
Salt Lake City, Utah 84145
(801) 324-5392
(801) 324-5935 (fax)
jenniffer.clark@questar.com

Attorneys for Questar Gas Company

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

APPLICATION FOR APPROVAL OF THE)	
2016 YEAR BUDGET FOR ENERGY)	Docket No. 15-057-16
EFFICIENCY PROGRAMS AND MARKET)	QUESTAR GAS COMPANY'S
TRANSFORMATION INITIATIVE)	REPLY COMMENTS

Questar Gas Company (Questar Gas or Company) respectfully submits these Reply Comments to the Action Request Response issued by the Division of Public Utilities (Division) and Memorandum issued by the Office of Consumer Services (Office) dated November 13, 2015 in this docket.

I. RESPONSE TO THE DIVISION

On October 13, 2015 Questar Gas filed an Application for Approval of the 2016 year budget for Energy Efficiency programs and Market Transformation Initiative (Application). On October 14, 2015 the Utah Public Service Commission (Commission) issued an action request for the Division to file a response to the Company's Application. On October 22, 2015 the Commission issued a notice of filing and comment period on the Company's Application and allowed for interested parties to file comments on or before Friday November

13, 2015. On November 13, 2015 the Division filed its response to the Commission's action request and the Office filed comments on the Application.

The Division's action request response made note of the Company's projected 2016 overall participation decrease of 6.3%, 2.4% decrease in decatherm (Dth) savings, and the projected reduction of 4% in the cost per Dth saved. The Company notes that the projected 2016 participation decrease is mainly attributable to the weatherization program and specifically the lower-than-projected applications for attic insulation rebates. The projected reductions in the 2016 cost per Dth saved are a result of the Company's focus on reducing administrative costs.

The Division's analysis also focused on the Company's proposed 2016 program changes. The Company proposed to eliminate the tier 1 storage water heater (.62 energy factor) from the Appliance, Builder, Business, and Low-Income Efficiency programs in 2016. The Company's proposal was a result of the United States Department of Energy (DOE) new standard for the minimum annual fuel utilization efficiency (AFUE) of water heating appliances. The Company also proposed to increase the standard for rebate-eligible clothes washers from 2.6 Modified Energy Factor (MEF) in 2015 to 2.74 Integrated Modified Energy Factor (IMEF) in 2016. Additionally, the Company proposed to introduce a pilot high-efficiency spray valve initiative and to move the onsite measure level facility assessments (also referred to as the commercial energy plan) to the Business program in 2016. The Company proposed to move the commercial energy plan from the Business Custom to the prescriptive Business program because the plan has historically identified prescriptive rather than custom measure savings opportunities. This change will better align program costs with the program generating the natural gas savings benefits.

In its action request response, the Division recommended that the Company review all components of the proposed redesign budget of the ThermWise.com website. The Division further recommended that the Commission direct the Company to conduct a review of this potential project with the Advisory Group in the first quarter of 2016. The Company supports this recommendation and will continue to look for other ways to keep the Advisory Group and other stakeholders informed with regard to any updates of the program website.

The Division also urged the Company in its response to “always look for ways to implement administrative cost reduction steps in order to improve overall program efficiencies.” The Company agrees with this recommendation and will continue to look for ways to reduce non-incentive costs. The Division also recognized that while the low gas price environment may make it difficult to justify some rebate measures (because of cost effectiveness concerns), there is overall value to the ThermWise program objectives. The Division expressed support of the 2016 budget and recommended that the Commission approve the Company’s Application.

The Company supports the Division’s recommendation for Commission approval of the 2016 Application and budget. The Company also supports the recommendation made by the Division to provide greater detail related to the potential redesign of the ThermWise.com website. The Company plans to discuss the website redesign strategy and resulting expenditures in the first Advisory Group meeting of 2016.

II. RESPONSE TO THE OFFICE'S MEMORANDUM

The Office's comments focused mainly on proposed changes to rebate-qualifying water heaters, business benchmarking system, 2016 administrative costs, and the Market Transformation Initiative. The Office's memorandum indicated support for the elimination of the tier 1 storage water heater rebate due to the increased minimum efficiency standard and the resulting small efficiency gap. The Office also indicated support for the proposed business benchmarking service and noted that "this service will provide information that may be used in decision making processes to facilitate energy savings." Additionally, the Office stated that "the availability of this service may also be an incentive for commercial customers to continue receiving natural gas on the general service (GS) rate schedule and to take advantage of the rebate incentives of the ThermWise Business program."

The Company agrees with the Office's characterization of the benchmarking service and expects that GS business customers will realize the natural gas savings as well as some of the secondary benefits of the service as outlined by the Office. Though other rate classes may benefit from the benchmarking service, the Company will limit participation to GS customers because they are the rate class that funds the ThermWise energy efficiency programs. Upon Commission approval, the Company will begin development of the benchmarking service. The Company will keep the Energy Efficiency Advisory Group informed as to the status of this project in 2016.

The Office recommended that the Commission take the following actions: (1) approve the remaining energy efficiency budget request; (2) require the Company to include current year actual expenditures with remaining year forecast as part of a budget comparison exhibit in future filings; and (3) require additional detail regarding the Market Transformation

Initiative budget in future filings, specifically including evidence that demonstrates the individual items funded by the Market Transformation Initiative are appropriate and that the overall spending level is beneficial to the energy efficiency program.

The Company supports the Office's recommendation to approve the 2016 Application and budget. The Company supports providing actual expenditure detail. The Company currently reports quarterly and year-to-date information on participants, costs, and natural gas savings. These reports compare actual participation and cost to estimated participation and approved budgets. In addition, the Company provides reports on Energy Efficiency expenditures and Dth savings to date when the amount spent for any program reaches fifty percent before June, eighty percent before August, and ninety percent. These expenditure reports include year-to-date actual spending and forecasted expenditures needed for the remainder of the year. Historically, the Company has provided several expenditure reports throughout the year as program spending meets the reporting requirements.

The Company recommends keeping actual and forecasted expenditures for a current program year separate from budget filings for future program years. The Company believes that requiring reporting to provide *current* year actual and forecasted expenditures as part of the budget filing for a *future* program year could be confusing because it commingles data from separate dockets. The Company met with the Office on November 19, 2015 and proposed to create a standing data request in order to provide actual and forecasted expenditure detail after a budget application has been filed with the Commission. The Company believes that the proposed solution of a standing data request would allow the Office and other stakeholders to analyze actual and forecasted spending with the budget filing.

The Company is sensitive to the Office's final recommendation requiring additional detail regarding the Market Transformation Initiative budget. The Company has taken steps to address the Office's concerns and will continue to do so. For example, a significant portion of the March 24, 2015 Advisory Group meeting was dedicated to a discussion of ThermWise participation in community events and the 2015 advertising campaign. The September 24, 2015 Advisory Group meeting focused on the results of the 2015 Lighthouse Research & Development, Inc. telephone survey of customers. Additionally, the Company added a detailed discussion of its Market Transformation Initiative to the 2014 Application and Exhibits and has expanded the section (QGC Energy Efficiency Exhibit 1.8) to include additional detail and analysis in subsequent filings. The Market Transformation Exhibit provides a description of the background, budget history, an analysis of natural gas energy efficiency industry efforts, summary of the telephone survey results, and an explanation of the proposed 2016 Market Transformation components along with projected expenditures. Analysis of the Market Transformation exhibit shows that the Company has consistently spent less than budgeted by being selective in spending and through diligent efforts to secure event and promotional contracts at low rates. The Company has also achieved a market penetration rate of 20% or greater for energy efficiency programs in nearly one-third of the time required by other high performing utilities. Finally, the Company has kept Market Transformation expenditures (3.76% in 2012^{*}) in line with the U.S. natural gas energy efficiency industry marketing expenditure average (4.08% in 2012^{*}).

^{*}most recent data available

The Company has and will continue to work closely with the Advisory Group on its Market Transformation Initiative in 2016 and will continue to be responsive to concerns raised by interested parties.

III. CONCLUSION

The Company agrees with the Division's and Office's recommendations that the Commission approve the Application as filed with an effective date of January 1, 2016, as more fully set forth herein.

DATED this 24th day of November, 2015.

Respectfully submitted,

QUESTAR GAS COMPANY

Colleen Larkin Bell (5253)
Jenniffer Nelson Clark (7947)
Attorneys for Questar Gas Company
333 South State Street
P.O. Box 45360
Salt Lake City, Utah 84145
(801) 324-5392

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Application was served upon the following by electronic mail on November 24, 2015:

<p>Patricia E. Schmid Justin C. Jetter Assistant Attorney Generals 500 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 pschmid@utah.gov jjetter@utah.gov</p>	<p>Sarah Wright Executive Director Utah Clean Energy 917 2nd Avenue Salt Lake City, UT 84103 sarah@utahcleanenergy.org</p>
<p>Rex Olsen Assistant Attorney General 500 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 rolsen@utah.gov</p>	<p>Michelle Beck Director Office of Consumer Services 400 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 mbeck@utah.gov</p>
<p>Gary A. Dodge Hatch, James & Dodge 10 West Broadway, Suite 400 Salt Lake City, UT 84101 gdodge@hjdllaw.com</p>	<p>Kevin Higgins Neal Townsend Energy Strategies 215 South State Street #200 Salt Lake City, UT 84111 khiggins@energystrat.com ntownsend@energystrat.com</p>
<p>Cody Stewart Governor's Energy Advisor State of Utah 60 E. South Temple, 3rd Floor Salt Lake City, UT 84111 codystewart@utah.gov</p>	<p>Chris Parker Division of Public Utilities 400 Heber M. Wells Building 160 East 300 South Salt Lake City, UT 84111 chrisparker@utah.gov</p>
<p>Howard Geller Southwest Energy Efficiency Project 2334 North Broadway, Suite A Boulder, CO hgeller@swenergy.org</p>	