

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Questar Gas Company for Approval of the 2016 Year Budget for Energy Efficiency Programs and Market Transformation Initiative

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DOCKET NO. 15-057-16

ORDER

ISSUED: December 16, 2015

## **1. Procedural History**

On October 13, 2015, Questar Gas Company (“QGC”) filed its Application for Approval of the 2016 Year Budget for Energy Efficiency Programs and Market Transformation Initiative (“Application”). On October 22, 2015, the Commission issued a Notice of Filing and Comment Period, allowing any interested party to submit comments on or before November 13, 2015 and allowing any party to reply to such comments on or before November 24, 2015.

On November 13, 2015, the Division of Public Utilities (“Division”) and the Office of Consumer Services (“Office”) submitted comments. The same date, Salt Lake City Corporation, Utah Clean Energy, the State of Utah Division of Facilities Construction and Management, Salt Lake City School District and the Building Owners and Managers Association of Utah (collectively, “Other Stakeholders”) submitted comments. On November 24, 2015, QGC submitted reply comments.

## **2. Summary of the Application**

QGC’s Application seeks approval of costs associated with the delivery of Energy Efficiency (“EE”) programs and the associated Market Transformation Initiative (“MTI”). The Application contains a proposed 2016 budget for each EE program and the MTI. We summarize, briefly, below each EE program, the MTI and any changes QGC has proposed to them for 2016.

### **2.1. ThermWise® Appliance Rebate Program**

The ThermWise® Appliance Rebate Program (“Appliance Rebate”) offers rebates to GS schedule customers for installing qualifying high-efficiency appliances. QGC has proposed several changes to the Appliance Rebate as compared to 2015. First, in April 2015, the Department of Energy implemented new, more stringent standards for water heating appliances. QGC proposes to eliminate Tier 1 qualifying storage water heaters as rebate-eligible equipment from the program because such water heaters are not meaningfully more efficient than the new federal standards require. QGC also proposes eliminating Tier 1 storage water heaters from the ThermWise® Builder Rebates, ThermWise® Business Rebates and Low-Income Efficiency programs for the same reason. Additionally, QGC proposes an increase in the standard for rebate-eligible clothes washers from a Modified Energy Factor of 2.6 to a minimum 2.74 Integrated Modified Energy Factor.

The Application proposes a total reduction of 5.6 percent in the Appliance Rebate budget as compared to 2015, falling from \$5.885 million to \$5.558 million. QGC represents the decrease is primarily attributable to lower than expected clothes washer rebates associated with the increase in the minimum efficiency standard and the elimination of the Tier 1 water heater as an eligible measure.

### **2.2. ThermWise® Builder Rebates Program**

The ThermWise® Builder Rebates Program (“Builder Rebate”) offers rebates to residential builders for installing qualifying energy efficiency measures and constructing homes that meet established “whole house requirements.” QGC projects an approximately 45 percent increase in program costs associated with the program in 2016, which the Division explains is

“due primarily to higher expected participation” and notes associated administrative costs remain stable. (Division Comments at 6.) QGC proposes a budget of \$4.987 million for the Builder Rebate, a \$1.554 million increase from the 2015 budget. QGC projects a 57 percent increase in natural gas savings under the program for 2016.

### **2.3. ThermWise® Business Rebates Program**

The ThermWise® Business Rebates Program (“Business Rebate”) offers rebates to commercial GS schedule customers who purchase and install qualifying natural gas efficiency measures. QGC proposes the following changes to the program for 2016: (1) introduce char-broilers, conveyor ovens, modulating gas dryers, gas dryers with moisture sensors and solar-assisted water heaters (for pools) to the existing list of qualifying rebate measures; (2) eliminate retrofit windows (with less than or equal to .30 U value) as eligible rebate measures; (3) eliminate the current Tier 1 storage water heater (.62 EF) as outlined in Section 2.1 above; and (4) move the on-site measure level facility assessments (“commercial energy plan”), along with the associated costs, from the Business Custom Program to the Business Rebate (as discussed below in Section 2.4).

In addition to these four changes, QGC proposes to introduce a pilot high-efficiency spray valve installation initiative to the Business Rebate in 2016. High-efficiency spray valves offer significant natural gas savings, but the measure has historically experienced low participation. QGC proposes to increase participation by installing such valves in 1,000 businesses during 2016. The valves will be installed free of charge to the customers, therefore, no rebates will issue.

Additionally, QGC anticipates the development of an automated gas usage upload system in 2016. The system will allow commercial facilities to participate in the Department of Energy sponsored Better Buildings Energy Data Accelerator Program (“Accelerator Program”). The Accelerator Program allows businesses to nationally benchmark their facilities against buildings with similar characteristics. QGC has included \$25,000 in the 2016 Business Rebate budget for development of an automated system that will interact with the Accelerator Program website. QGC expects to implement the system by third quarter, 2016.

While the Business Rebate budget has been trending upward, it is forecast to decrease in 2016. The 2016 budget of \$2.095 million is 22 percent below the 2015 budget. QGC represents the projected decrease mainly stems from certain large attic insulation projects that will not be repeated in 2016 and a reduction in boiler tune-ups as a consequence of the limited number of rebate-qualifying boilers in the Utah service territory.

#### **2.4. ThermWise® Business Custom Rebates Program**

The ThermWise® Business Custom Rebates Program (“Custom Rebate”) allows business customers to apply for rebates that are not otherwise available through the Builder Rebate. QGC proposes to simplify some tariff language for this program and to move the commercial energy plan, along with the associated costs, from the Custom Rebate to the Builder Rebate in 2016. QGC represents that the commercial energy plan’s primary success has been in identifying prescriptive measure savings opportunities. QGC represents the change will better align program costs with the program generating the natural gas savings benefits.

### **2.5. ThermWise® Home Energy Plan**

The ThermWise® Home Energy Plan provides either on-site audits or mail-in questionnaires that assist residential customers by recommending home improvements that may result in a reduction of natural gas usage. QGC proposes a 2016 Home Energy Plan budget of \$918,840, a little more than \$19,000, or two percent, greater than the 2015 budget.

### **2.6. ThermWise® Weatherization Program**

The ThermWise® Weatherization Program (“Weatherization Program”) offers residential customers rebates for installing qualifying weatherization measures. QGC proposes no substantive changes to the Weatherization Program in 2016. QGC proposes a 2016 Weatherization Program budget of \$9.947 million, approximately 18 percent less than the budget for 2015. QGC anticipates participation will decline as a consequence of the elimination of the .30 or lower U-factor window rebate measure and that rebate processing costs will also decrease by over 24 percent as a result of increased use of QGC’s online rebate processing service.

### **2.7. Low-Income Efficiency Program**

QGC contributes \$500,000 annually to fund the Low-Income Efficiency Program. QGC proposes continuing this amount of funding and proposes eliminating the Tier 1 storage water heater (.62 EF) as outlined in Section 2.1 above.

### **2.8. ThermWise® Energy Comparison Report**

The ThermWise® Energy Comparison Report (“Comparison Report”) provides customers with a report that compares their natural gas usage with neighboring homes. QGC represents the Comparison Report encourages customers to employ energy efficiency measures and behaviors.

The 2016 budget for the Comparison Report program is \$410,000, approximately three percent more than the 2015 budget.

### **2.9. Market Transformation Initiative**

In addition to the energy efficiency programs addressed above, QGC proposes continuing its MTI, which QGC states “promot[es] ongoing and lasting changes to natural gas appliance penetration rates and new construction markets, as well as natural gas conservation.”

(Application at 8.) QGC’s proposed 2016 budget includes \$1.424 million for the MTI, approximately two percent less than the prior year budget.

### **3. Summary of Comments**

#### **3.1. The Division Recommends the Commission Approve the Application.**

The Division supports the 2016 EE budget and recommends the Commission approve the Application. The Division notes “that in the lower cost price environment for natural gas that currently exists, it is more difficult to justify some measures as truly cost effective” but states “the Division still finds value in the overall program objectives.” (Division Comments at 14.)

The Division notes QGC’s Application mentions the possibility QGC will redesign its corporate website template in 2016 and that, should it do so, QGC intends to align its ThermWise.com website with the corporate template. The Division recommends QGC review all components of the proposed ThermWise.com website redesign budget with the Advisory Group in the first quarter of 2016. QGC concurs with this recommendation and represents that it “plans to discuss the website redesign strategy and resulting expenditures in the first Advisory Group meeting of 2016.” (QGC Reply Comments at 3.)

**3.2. The Office also Recommends the Commission Approve the Application.**

The Office recommends the Commission approve the Application but requests the Commission require QGC to include additional information in future filings with respect to the EE and MTI budgets. First, the Office asks the Commission to require QGC to include current year actual expenditures with the remaining year forecast expenditures as part of its “budget comparison exhibit” in future filings. The Office explains “[w]hen creating a new budget, budget analysts will look to the previous years’ actual expenditures plus end of year forecast ... [therefore] the Office would like [QGC] to continue submitting the new budget, with comparisons to the current years’ original budget; but also include ... a comparison of the new budget with the current years’ forecasted totals.” (Office Comments at 2.) In its Reply Comments, QGC “recommends keeping actual and forecasted expenditures for a current program year separate from budget filings for future program years,” asserting 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 ....” (QGC Reply Comments at 5.) QGC represents it offered to honor a standing data request from the Office to provide the Office with this information after QGC files future applications with the Commission. QGC makes no representation concerning whether the Office indicated to QGC whether this proposal was satisfactory.

Second, the Office “questions assertions made by the Company that the current levels of spending on MTI are directly linked to current levels of participation [in EE programs].” (Office Comments at 5.) The Office asks the Commission to “[r]equire additional detail regarding the MTI budget in future filings, specifically including evidence that demonstrates the individual

items funded by the MTI are appropriate and that overall the spending level is beneficial to the energy efficiency program.” (*Id.* at 7.) In its Reply Comments, QGC states it “is sensitive” to this recommendation and represents it “has taken steps to address the Office’s concerns and will continue to do so.” (QGC Reply Comments at 6.) QGC represents it has provided additional detail on this issue at several Advisory Group meetings in 2015 and refers to the detail it has provided in an exhibit to its Application.

**3.3. The Other Stakeholders Filed Comments to Express Their Support of the Proposed Automated Data Upload System.**

The Other Stakeholders jointly submitted comments to express their strong support of QGC’s development of an automated data upload system that will allow facilities to participate in the Department of Energy’s Accelerator Program.

**4. Findings and Conclusions.**

Based on the Application and the recommendations of the Division and the Office to approve it, we find the proposed 2016 budget and programs as described in the Application are just, reasonable and in the public interest. Given no dispute exists with respect to the Division’s request that QGC provide additional information with respect to the anticipated expenditures associated with QGC’s potential redesign of the ThermWise.com website, we direct QGC to provide this information at the first Advisory Group meeting of 2016.

With respect to the Office’s desire for QGC to include current year actual expenditures with the remaining year forecast expenditures in future filings, we conclude QGC’s proffer to provide the requested information in response to a standing data request resolves the matter.



As for the Office's request that the Commission require QGC to provide "additional detail regarding the MTI budget in future filings," the Office does not offer any specificity as to what additional information it believes would be helpful. Therefore, it is unclear precisely what the Office would have us do. Of course, the Commission wants to ensure the Office receives all information it requires, and we encourage the Office to avail itself of the discovery process in future dockets in order to obtain any information it needs to make a confident recommendation to the Commission. Additionally, if there is a specific item the Office believes should be included in future EE budget filings, we encourage the Office to seek an order from the Commission requiring the item's inclusion. In the meantime, we expect QGC, the Office and the Division to work through the Advisory Group process and otherwise to ensure that all parties receive the information they need.

**5. Order**

1. QGC's Application is approved.
2. QGC's proposed tariff sheets, submitted with the Application, are approved as filed, effective January 1, 2016.
3. QGC will present information at the first 2016 Advisory Group meeting relating to its redesign of the ThermWise.com website and the anticipated associated expenditures.

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DATED at Salt Lake City, Utah, this 16<sup>th</sup> day of December, 2015.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#270986

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 this written 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 16<sup>th</sup> day of December, 2015, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic-Mail:

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