



State of Utah  
Department of Commerce  
Division of Public Utilities

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## ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: April 20, 2016

Re: **Audit of Questar Gas Company's Energy Efficiency Program Expenditures**  
**Docket No. 15-057-18**

### RECOMMENDATION

The Division of Public Utilities (Division) recommends the Public Service Commission (Commission) finalize Questar Gas Company's (Questar or Company) requested rate changes once the Company provides verification of the correction to the Energy Efficiency carrying charge.

### ISSUE

Questar filed on October 30, 2015, an application with the Commission to maintain the current energy efficiency amortization rate. On November 23, 2015, the Division issued a response to the Commission's Action Request recommending the Commission grant this amortization rate on an interim basis until the Division has had adequate opportunity to review and audit the entries. On January 19, 2016, the Division filed with the Commission its audit of Questar's energy efficiency program expenditures for the period October 1, 2014 through September 30,

2015. On February 25, 2016, Questar provided verification of the removal of event ticket costs per the Division's audit recommendation. On March 24, 2016 the Commission issued an Action Request to the Division to clarify whether any additional evaluation is needed regarding the tax deferral deduction mentioned in the Division's Audit. This memorandum is in response to the Commission's Action Request.

## **DISCUSSION**

In the Division's audit of the energy efficiency program, the Division noted that the tax deferral deduction in the energy efficiency program began on July 1, 2015 following the conclusion of the Division's requested Agency Action to review the carrying charges applied to various Questar account balances.<sup>1</sup> At that time it was noted by the Company that the deferred tax calculation had not been applied to the DSM account balance and subsequently applied the tax deferral deduction effective July 1, 2015. The Division recommended in its audit that the tax deferral deduction be evaluated further. Because the tax deferral effected other accounts and not just the energy efficiency program, the Division felt this issue should be addressed on its own.

On February 10, 2016, the Company filed with the Commission a memorandum that detailed its investigation of the application of the tax adjustment to the carrying charge used in various Questar accounts.<sup>2</sup> The Company notes that the language first appeared in Docket No. 82-057-16 when the new Tariff No. 200 was implemented. The Company provided an explanation of the purpose of the tax deferral deduction and on February 18, 2016, the Division filed a memo accepting the explanation and recommending the Commission approve the proposed changes.

Subsequent to the Commission's approval of the Company's investigation of the tax deferral deduction, the Division made a request to the Company to provide the corrected carrying charge applying the tax deferral to the period of October 1, 2014 through September 30, 2015. The Company provided a revised calculation of the DSM interest for the above period that showed

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<sup>1</sup> Docket No. 14-057-32, In the Matter of a Request for Agency Action to Review the Carrying Charges Applied to Various Questar Gas Company Account Balances, Commission Order dated April 29, 2015.

<sup>2</sup> Docket No. 16-057-T02, In the Matter of a Request for Agency Action to Review the Carrying Charges Applied to Various Questar Gas Company Account Balances.

\$13,493 owed to customers. The Division reviewed the Company's revised carrying charge for the filing period and agrees with the adjustment. The Company has indicated that it will make the adjustment to the DSM account in April and provide verification once it is complete.

In the Division's review of the tax deferral adjustment, there was no indication that the Company intentionally misled the Commission. Therefore, the Division is recommending making the adjustment for the October 1, 2014 through September 31, 2015 period and not for previous periods where rates have been finalized.

## **CONCLUSION**

The Division recommends that the Company make the correction to the carrying charge to include the tax deferral adjustment for the period of October 1, 2014 through September 31, 2015 and to provide the Commission verification of the adjustment and explain any effect on the amortization rate. Once this verification is provided, and if there is no effect on the amortization rate, the Division recommends the requested rate changes be made final

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