
Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance	<u>DOCKET NO. 17-057-17</u> <u>ORDER SETTING FINAL RATE</u>
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ISSUED: April 12, 2018

BACKGROUND AND PROCEDURAL HISTORY

On September 1, 2017, Dominion Energy Utah (Dominion) filed an application (Application) with the Public Service Commission of Utah (PSC) requesting approval to amortize the balance of its Demand Side Management / Energy Efficiency (DSM/EE) Account No. 182.4.¹ In its Application, Dominion proposed a DSM/EE amortization rate of \$0.20370 per decatherm applicable to the General Service (GS) rate schedule.

At the September 9, 2017 hearing, the PSC approved the Application, as amended, and issued an Order Memorializing Bench Ruling (Order) on November 2, 2017. The Order approved Dominion's proposed DSM/EE rate on an interim basis, pending the final results of the Division of Public Utilities' (DPU) audit of Dominion's actual DSM/EE program expenditures.

On February 6, 2018, the DPU filed the results of its audit (Audit Report) of Dominion's actual DSM/EE program expenditures for the period September 1, 2016 through July 31, 2017. On February 7, 2018, the PSC issued a notice of filing and comment period allowing comments on the DPU's Audit Report to be filed by March 14, 2018, and reply comments by March 29, 2018. In addition, on March 21, 2018, the PSC issued a supplemental action request to the DPU with a due date of March 29, 2018.

¹ On September 19, 2017, Dominion filed an updated Exhibit 1.5U, thereby amending its Application and correcting the amount of the proposed rate increase's effect on a typical GS customer.

On March 21, 2018, Dominion filed reply comments, and on March 29, 2018 the DPU provided its response to the PSC's supplemental action request. No other comments were filed and the time for doing so has since elapsed.

THE DPU'S AUDIT REPORT

In the Audit Report, the DPU explains its audit process and concludes as follows:

“Except for those [three] items [explained further below], the actual energy efficiency expenditures through July 31, 2017, as presented in Dominion Docket No. 17-057-17, Exhibit 1.2, page 2 of 2 appear to be correct as stated.”²

1. Removal of \$500 sports sponsorship banner: The DPU recommends removing a \$500 sports sponsorship banner cost from the DSM/EE Account. The DPU asserts the banner presented a mixed marketing message and misrepresents the ThermWise[®] program.
2. Removal of \$4,939.29 LAFAVOR Envelope cost: The DPU identified \$4,939.29 of LAFAVOR Envelope costs which Dominion inadvertently applied to the DSM/EE account. The DPU confirms Dominion has since removed this expense from the DSM/EE program.
3. Removal of a Market Transformation contract cost of \$180,250: The DPU identified a Market Transformation contract cost of \$180,250 incurred during the September 1, 2016 through July 31, 2017 amortization period under DPU audit that had not been included in the amortization rate. By the time Dominion was notified by the

² DPU's Audit of Dominion Energy's Energy Efficiency Program Expenditures at 4, filed February 6, 2018.

DPU of the accounting discrepancy, the audit period under review had elapsed. The DPU states this cost had been misapplied to “Questar Gas.” To correct this, Dominion provided journal entry verification, dated December 31, 2017, of the re-assigned contract costs. Given the misallocated cost was correctly re-assigned after the amortization period under review had elapsed, this cost will be trued up in the next DSM/EE amortization case.

Based on the foregoing analysis, the DPU recommends that the DSM/EE interim amortization rate currently in place be made permanent on the following conditions: 1) that Dominion provide to the PSC verification of the removal of the \$500 sports sponsorship expense, and 2) that Dominion explain any effect on the DSM/EE amortization rate based on removing the sports sponsorship expense and the LAFAVOR Envelope reversing entry.

COMMENTS

On March 21, 2018 Dominion filed reply comments stating it has made adjusting accounting entries addressing the \$500 sports sponsorship banner and the \$4,939.29 LAFAVOR Envelope expense as recommended by the DPU. According to Dominion, “The removal of these costs will help to reduce the [DSM/EE] account balance but will have no measurable effect on the currently proposed amortization rate...”³

In the DPU’s March 29, 2018 action request response, the DPU states Dominion has verified it had made the DPU-recommended accounting adjustments along with assuring the PSC that the decrease in costs will have no measureable effect on Dominion’s DSM/EE amortization

³ Dominion’s Reply Comments at 1, filed March 21, 2018.

rate. Based on Dominion's response and the DPU's compliance review, the DPU concludes the interim DSM/EE amortization rate appears to be just, reasonable, and in the public interest, and recommends the interim rate be made final.

DISCUSSION, FINDINGS, AND CONCLUSIONS

Based on the DPU's compliance review findings, Dominion's comments, the DPU's supplemental action request response, and given the absence of any outstanding objection regarding the prudence of any DSM/EE program expense, we find the DSM/EE program expenses for the period under review to have been prudently incurred. Similarly, and based on reasons set forth above, we find the DSM/EE amortization rate of \$0.20370 per decatherm is just, reasonable, and in the public interest. Accordingly, we approve the rate as final.

ORDER

The interim amortization rate of \$0.20370 per decatherm requested by Dominion Energy Utah in this docket to amortize the Demand Side Management / Energy Efficiency Account Balance is final.

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DATED at Salt Lake City, Utah, April 12, 2018.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg

PSC Secretary

DW#301287

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 PSC 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 PSC 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 PSC'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 April 12, 2018, a true and correct copy of the foregoing was served upon the following as indicated below:

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