



State of Utah

Department of Commerce Division of Public Utilities

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Recommendation

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Director

Brenda Salter, Utility Technical Consultant Supervisor

Shauna Benvegna-Springer, Utility Technical Consultant

Date: May 27, 2020

Re: **Docket No. 19-057-29**, Audit of Dominion Energy's Energy Efficiency Program Expenditures

Recommendation (Approval)

The Division of Public Utilities (Division or DPU) completed an audit of Dominion Energy of Utah's (Dominion or Company) actual energy efficiency program expenditures for the period August 1, 2018 through July 31, 2019. The Division recommends the Public Service Commission (PSC or Commission) approve the Company's energy efficiency rate of \$0.26120 on a permanent basis.

Issue

The Company filed an application with the Commission on November 1, 2019 to increase the energy efficiency amortization rate from \$0.25373 to \$0.26120 per Dth. On November 15, 2019, the Division responded to the Commission's Action Request recommending the Commission grant the increased amortization rate on an interim basis effective on December 1, 2019. The Division recommended the rate be approved on an interim basis until the Division had an

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opportunity to audit the energy efficiency transactions. The audit provides confidence that proper accounting was performed for \$28.8 million spent on the program. The Commission approved the interim rates on November 27, 2019 to be effective December 1, 2019. This memorandum reports on the Division's audit.

Discussion

An audit¹ was performed to verify actual energy efficiency program expenditures for the twelve month period ending July 31, 2019. The audit consisted of reviewing actual expenditures invoices and transactions for specific expenditures types under the various energy efficiency project identified in the Energy Efficiency Program Expenditures Report, Exhibit 1.2 page 2 of 2 as filed by Dominion in this docket. Projects included in the energy efficiency program include:

- ThermWise Home Energy Plan,
- ThermWise Builder Rebates,
- ThermWise Appliance Rebates,
- ThermWise Business Rebates,
- Market Transformation,
- Low Income Weatherization,
- ThermWise Weatherization, and
- Energy Comparison Report.

Audit

The Division gathered information through the data request process along with informal phone conversations and emails. The review covered the energy efficiency program for the period August 1, 2018 through July 31, 2019. The Company was very responsive in supplying the Division with the requested documentation of energy efficiency revenue and expenses.

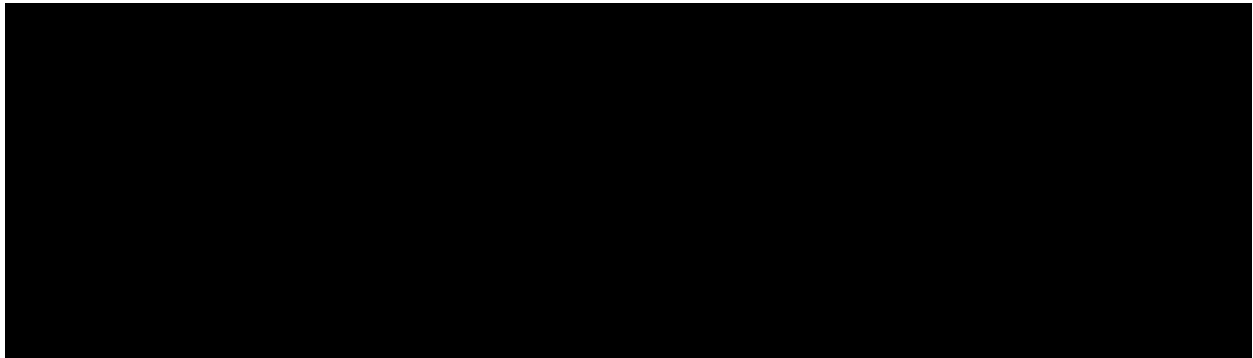
The audit was conducted to verify a sampling of actual amounts listed on the *Energy Efficiency Program Expenditure Report*. In DPU data request 1.1, Dominion provided the Division with a report detailing all expenses in each energy efficiency program for the twelve month period. The

¹ In using the term "audit" the Division notes that it did not conduct an independent audit as defined and conducted under General Accepted Auditing Standards as promulgated under the Auditing Standards Board of the American Institute of Certified Public Accountants. In this instance "audit" means compliance review.

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Division reviewed this report, and out of each energy efficiency program a sampling of invoices and/or supporting documentation were requested. Dominion supplied copies of applicable documentation, invoices, and/or schedules to support the transactions reviewed. The documentation was verified and reconciled to the amounts presented on Dominion Exhibit 1.2, Page 2 of 2 filed with the Company's application.

The Division's audit sampled 100 energy efficiency expenditures for the period noted above. The Division identified eleven transactions for [REDACTED] of \$20,833.33 each that totaled \$229,166.65 and were recorded to the Weatherization program. On November 31, 2018 the Company identified the classification error and processed a journal entry removing the amount of \$229,166.65 from the Weatherization program. This adjustment was completed prior to calculating the amortization rate. See the image below of the journal entry.



All other transaction appear to be recorded correctly. The Division's appreciates the transparency and explanations the Company provided.

The Division reviewed energy efficiency customer complaints, energy efficiency program contracts entered or renewed for the amortization period, policy for procurement and fleet services, and verification of the carrying charge.

The Division received two complaints and the Better Business Bureau received one complaint for rebate processing. All complained about the amount of time it took to process the rebate.

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[Redacted]

[Redacted]

[Redacted]

Of the nearly 80,000 applications for rebates, the Company had three complaints which is commendable.

Conclusion

The actual energy efficiency expenditures through July 31, 2019 as presented in Dominion Docket No. 19-057-29, Exhibit 1.2, page 2 of 2 appear to be correct as stated. The Division recommends the Commission approve the amortization rate for energy efficiency of \$0.26120 on a permanent basis.

Cc: Kelly Mendenhall, Dominion Energy Utah
Mike Orton, Dominion Energy Utah
Michele Beck, Office of Consumer Services
Service List