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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

Chris Parker, Director
Artie Powell, Manager
Brenda Salter, Utility Technical Consultant Supervisor
Shauna Benvegnu-Springer, Utility Technical Consultant

Date: April 7, 2022

Re: **Docket No. 21-057-21**, Application of Dominion Energy Utah to Amortize the Energy Efficiency Deferred Account Balance – Audit Report 2021

Recommendation (Approve)

The Division of Public Utilities (Division or DPU) performed an audit of Dominion Energy of Utah's (Dominion or Company, formerly known as Questar Gas Company) actual Energy Efficiency Program expenditures for September 1, 2020, through August 31, 2021. The Division recommends that the Public Service Commission of Utah (Commission) approve the Company's energy efficiency amortization rate of \$0.27767 per Dth.

Issue

On October 1, 2021, Dominion applied with the Commission to increase the energy efficiency amortization rate. On October 1, 2021, the Commission issued an Action Request to the Division requesting a review of the application and making recommendations due November 1, 2021. On October 4, 2021, the Commission issued a Notice of Virtual Consolidated Scheduling Conference consolidating a scheduling conference for eight dockets¹, in which this docket was included, for October 5, 2021. On October 6, 2021, the Commission issued a Scheduling Order and Notice of a Virtual Consolidated hearing for October 25, 2021. On October 19, 2021, the Division issued a response to the Commission's Scheduling Order

¹ Docket Nos. 19-057-02, 21-057-17, 21-057-18, 21-057-19, 21-057-20, 21-057-21, 21-057-22, 21-057-22.

recommending the Commission grant the increased amortization rate on an interim basis until the Division had adequate opportunity to review and audit the entries to ensure proper accounting had been recorded for the dollars spent. On October 29, 2021, the Commission issued an order approving the requested interim amortization rates for the Energy Efficiency Programs, effective November 1, 2021. This memorandum reports on the Division's audit.

Background

Dominion is a public utility that provides natural gas to customers in Utah, Wyoming, and Franklin County, Idaho. In Utah, the Commission regulates the Company's activities, including rates, charges, and general conditions approved in its tariffs. On October 5, 2006, in Docket No. 05-057-T01, the Commission authorized the Company to establish a deferred expense account to record costs associated with the approved Energy Efficiency Programs. This deferred expense account recovers the related expenses through periodic adjustments to rates and amortizations.

Discussion

An audit² was performed to verify actual Energy Efficiency Program expenditures for the twelve months ending August 31, 2021. The audit reviewed existing expenditure invoices for chosen expenditure types under various energy efficiency projects identified in the *Company's Energy Efficiency Program Expenditure Report submitted on February 14, 2022*. 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,

² In using the term "Audit," the Division notes that it did not conduct an independent audit as defined and conducted under Generally 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.

- ThermWise Weatherization, and
- Energy Comparison Report.

Audit

The Division gathered information through the data request process and informal phone conversations and emails. The review covered the Energy Efficiency Program from September 1, 2020, through August 31, 2021. 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 months. The Division reviewed this report, and out of each Energy Efficiency Program, a sampling of invoices and supporting documentation was requested. Dominion supplied copies of applicable documentation, invoices, and schedules to support the transactions reviewed.

The Division's audit sampled 42 energy efficiency expenditures for the twelve months before August 31, 2021. There were two to four transactions for each project. The documentation was verified and reconciled to the amounts presented on Dominion Exhibit 1.3, Page 2 of 2 filed with the Company's application. The Division reviewed the tariffs for the Energy Efficiency Program. The Company appears to be following the Commission's rules for the transactions represented. No errors, corrections, or findings are reported.

The Division appreciates the transparency the Company provides to the Division and commends the Company for its customer service in handling customers' questions regarding the program.

Conclusion

The actual energy efficiency expenditures through August 31, 2021, as presented in Dominion's Docket No. 21-057-21, Exhibit 1.3, page 2 of 2, appear to be correct. The Division

recommends that the Commission permanently approve the amortization rate for Energy Efficiency of \$0.27767 per/Dth.

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