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May 28, 2020

VIA ELECTRONIC FILING

Utah Public Utilities, Energy, and Technology Interim Committee
House Chair Carl Albrecht
Senate Chair Ron Winterton
210 House Building
State Capitol Complex
Salt Lake City, UT 84114

Re: Sustainable Transportation and Energy Program (STEP) Annual Report

Chairs Albrecht and Winterton:

Pursuant to Utah Code Ann. § 54-20-105(6), Questar Gas Company dba Dominion Energy Utah (DEU or the Company) respectfully submits this Annual Report. As you know, in 2019, the Utah legislature passed certain amendments to the sustainable transportation and energy (STEP) programs including a requirement that a large-scale natural gas utility that establishes or operates a program under the above-referenced statute must report annually to the Public Utilities, Energy and Technology Interim Committee. This letter serves as DEU's first such report.

On December 31, 2019, Dominion Energy Utah filed an Application in Docket No. 19-057-33 seeking Utah Public Service Commission (PSC or Commission) approval of two natural gas clean air programs. The first program is a proposal to fund the Intermountain Industrial Assessment Center (IIAC) at the University of Utah to perform energy usage assessments at industrial, commercial, waste, and institutional facilities within the State of Utah. The goal of these assessments is to identify future clean air related incentive projects for the Company to bring to the Commission for consideration and approval. As part of this program, the IIAC would also act as an unbiased and objective quantifier of the potential clean air benefits, oversee and facilitate implementation of projects approved for an incentive by the Commission, ensure that incentive-funded equipment is commissioned correctly, and to provide measurement and verification analysis post-installation to confirm that incentivized equipment continues to deliver the estimated clean air benefits.

As one of 24 Department of Energy (DOE) funded centers in the United States (and the only industrial assessment center located in the State of Utah), the IIAC is uniquely well situated to perform this type of work. Headed by Dr. Kody Powell and Assistant Director Julie Sieving, the IIAC currently performs 20 DOE-funded assessments of industrial facilities in Utah each year. These assessments are performed by a combination of supervising faculty and students selected

by the IIAC from the University of Utah's Chemical Engineering Department. If approved, the existing IIAC program structure would be leveraged and expanded to identify additional clean-air incentive projects.

In addition to expanding the current scope of the IIAC's assessments, the Company's proposed funding would provide for the addition of Dr. Kerry Kelly to the IIAC assessment team. Dr. Kelly has significant experience in local air quality issues obtained through years of service on Utah's Air Quality Board and Air Quality Policy Board. She is also the principal investigator for several research projects that study the links between air quality and energy, including projects sponsored by the National Science Foundation, the National Institute of Health, the National Institute of Environmental Health Sciences (NIEHS), and the Utah Division of Air Quality.

The second proposed natural gas clean air program seeks Commission approval to provide an incentive to a business for replacing existing boilers with a highly efficient combined heat and power (CHP) system. The business is located in the Wasatch non-attainment region and preliminary estimates show that, once installed, the CHP system would significantly reduce nitrogen oxides (NO_x) and carbon dioxide (CO₂).

The proposed natural gas clean air programs are currently before the Commission, and a hearing on the matter is scheduled for July 30, 2020. Until the Commission approves a project, the Company will not expend funds, and the proposed programs will have no impact on customer rates. If the Commission were to approve both programs as filed, the typical customer's annual bill would increase by \$0.56 or 0.09%.

The Company is evaluating additional natural gas clean air programs and expects to seek Commission approval for additional projects in the coming months. The Company appreciates the opportunity to report on these efforts to the Utah Public Utilities, Energy, and Technology Interim Committee.

If you or other members of the Committee have any questions, or if I can provide additional information, please contact me. I can be reached at michael.orton@dominionenergy.com or (801) 324-5793.

Sincerely,

Michael A. Orton
Director, Energy Efficiency