



Questar Gas Company
180 East 100 South
P.O. Box 45360
Salt Lake City, UT 84145-0360
Tel 801 324 5555

UTAH PUBLIC
SERVICE COMMISSION

2008 MAY 13 A 11: 58

151822

May 12, 2008

RECEIVED

Utah Public Service Commission
Heber M. Wells Building
P. O. Box 45585
Salt Lake City, UT 84145-0585

Dear Commissioners:

Questar Gas Company (Questar Gas or the Company) respectfully submits to the Utah Public Service Commission (Commission), pursuant to the order issued in Docket No. 05-057-T01, dated January 16, 2007 (Order), a report on DSM expenditures and decatherm (Dth) savings to date. Specifically the Order in paragraph 4 stated:

Questar shall report to the Commission when the amount spent for any program reaches ninety percent of the budgeted amount, with an estimate of the projected spending needed for the remainder of the year. To the extent the projected spending exceeds the original budgeted amount Questar must seek Commission approval for the higher projected levels of spending.

Per the Order, Questar Gas reports that in the month of March 2008 the Weatherization program not only reached ninety percent of budget but also surpassed one hundred percent of the 2008 budget. At the end of February, the Weatherization program had expenses of \$279,876 or 36% of the total 2008 Weatherization budget. Expenses in the month of March totaled \$567,864. This resulted in the program reaching a total of \$847,740 or 108% of the 2008 Weatherization program budget. Of the \$847,740, customer rebates currently encompass 96% of total program spending. If this program continues at its first quarter pace, total program costs could reach \$3.5 million for 2008. Attachment 1 (DSM Program Budget Variance Report) details the expenditures and Dth savings through March 31, 2008, the 2008 Budget, and projections for spending and Dth savings for the full budget year and related percentages.

The Weatherization program is experiencing higher than projected customer participation resulting in higher customer rebate totals and even higher related Dth savings than budgeted. Higher customer participation rates will improve the overall program cost effectiveness. Attachment 1, Lines 1 through 10, shows, by program, the actual costs compared to budget and projected spending for the year. Lines 11 through 20 shows, by program, the actual Dth saved compared to the budget and an updated projection for the year.

As can be seen on Attachment 1, Column D, Row 10, expenditures for total budget, including all DSM Programs and Market Transformation, are currently thirty-one percent and more closely aligns with year to date budget projections of approximately twenty-five percent. Other than the Weatherization program, the Company continues to expect that year-end expenses for the remaining DSM programs will align with the 2008 budget as approved in the 2008 DSM application. However, participation in the Weatherization program is projected to continue increasing throughout the year which will cause overall DSM expenses to exceed budget by roughly 25% as shown on Attachment 1, Column F, Row 10.

Questar Gas will continue to closely monitor customer participation and efficiently manage DSM spending for all DSM programs and Market Transformation. Detailed quarterly reports will continue to be provided to the Division of Public Utilities on actual program spending and customer participation compared to budget.

The total projected DSM program costs for 2008 are expected to exceed the budget approved by this Commission. However, the additional expenses are directly related to customer rebates and Dth saved which increases the cost effectiveness of the DSM programs. To the extent the projected increase in the budget for the Weatherization Rebates Program needs Commission approval, Questar Gas respectfully requests that the Commission approve the higher program budget levels.

Respectfully Submitted,



Barrie L. McKay
Manager Regulatory Affairs
(801) 324-5491

cc: Division of Public Utilities
Committee of Consumer Services

DSM PROGRAM BUDGET VARIANCE REPORT
As of March 31, 2008

Program (A)	Actual Costs (B)	2008 Budget (C)	Percent of Budget (D)	Projected 2008 Spending (E)	Projected % of Budget (F)
1 ThermWise Appliance Rebates	\$ 995,624	\$ 2,563,295	38.84%	\$ 2,563,295	100.00%
2 ThermWise Builder Rebates	\$ 635,591	\$ 2,322,347	27.37%	\$ 2,322,347	100.00%
3 ThermWise Business Rebates	\$ 153,819	\$ 502,385	30.62%	\$ 502,385	100.00%
4 ThermWise Home Energy Audits	\$ 121,697	\$ 631,445	19.27%	\$ 631,445	100.00%
5 Market Transformation	\$ 332,153	\$ 1,224,860	27.12%	\$ 1,224,860	100.00%
6 Low Income Weatherization	\$ 125,000	\$ 250,000	50.00%	\$ 250,000	100.00%
7 ThermWise Weatherization Rebates	\$ 847,740	\$ 782,860	108.29%	\$ 3,462,882	442.34%
8 ThermWise Multi-family Rebates	\$ 45,368	\$ 1,734,202	2.62%	\$ 1,734,202	100.00%
9 ThermWise Business Custom Rebates	\$ 101	\$ 489,018	0.02%	\$ 489,018	100.00%
10 Programs Total	\$ 3,257,092	\$ 10,500,412	31.02%	\$ 13,180,434	125.52%

Deemed Natural Gas Savings

Program (A)	Actual Net Dth Saved (B)	2008 Net Estimated Dth (C)	Percent of Estimate (D)	Revised Net 2008 Dth (E)	Projected % of Estimate (F)
11 ThermWise Appliance Rebates	26,859	52,403	51.25%	52,403	100.00%
12 ThermWise Builder Rebates	19,359	40,122	48.25%	40,122	100.00%
13 ThermWise Business Rebates	12,965	20,790	62.36%	20,790	100.00%
14 ThermWise Home Energy Audits	1,983	10,460	18.96%	10,460	100.00%
15 Market Transformation	N/A	N/A	0.00%	N/A	0.00%
16 Low Income Weatherization	N/A	N/A	0.00%	N/A	0.00%
17 ThermWise Weatherization Rebates	15,835	11,325	139.82%	63,339	559.27%
18 ThermWise Multi-family Rebates	94	18,868	0.50%	18,868	100.00%
19 ThermWise Business Custom Rebates	0	12,316	0.00%	12,316	100.00%
20 Programs Total	77,094	166,285	46.36%	218,298	131.28%