



Questar Gas Company

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September 8, 2008

2008 SEP 18 A 9:45

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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 July 2008 the ThermWise Appliance Rebates program reached ninety percent of the 2008 program budget. At the end of June, the Appliance program had expenses of \$2,106,090 or 82% of the total 2008 Appliance budget. Expenses in the month of July totaled \$280,987. This resulted in the program reaching a total of \$2,387,077 or 93% of the 2008 Appliance program budget. Of that amount, customer rebates currently encompass 89% of total program spending. Attachment 1 (DSM Program Budget Variance Report) details the expenditures and Dth savings through July 31, 2008, the 2008 Budget, and projections for spending and Dth savings for the full budget year and related percentages.

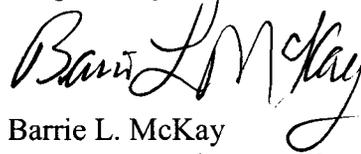
The Appliance program is experiencing higher than projected customer participation resulting in higher customer rebate totals and even higher related Dth savings than budgeted. Higher customer participation rates will improve the overall program cost effectiveness. Attachment 1, Lines 1 through 10, shows, 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 at the end of July, including all DSM Programs and Market Transformation, are 79.81%. The Company expects that year-end expenses for the Appliance, Builder, Business, and Weatherization programs will exceed the original 2008 DSM projections. The remaining ThermWise programs are expected to end the year at or below the 2008 DSM projections. As shown in Attachment 1, Column F, Row 10, the Company expects total spending for the ThermWise programs to reach 152% of the original 2008 DSM budget projections.

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 expenses for 2008 are expected to exceed the original budget projections as 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 expenses need 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 July 31, 2008

Program	Actual Expenses	2008 Budget	Percent of Budget	Projected 2008 Spending	Projected % of Budget
(A)	(B)	(C)	(D)	(E)	(F)
1 ThermWise Appliance Rebates *	\$ 2,387,077	\$ 2,563,295	93.13%	\$ 4,490,535	175.19%
2 ThermWise Builder Rebates *	\$ 1,228,344	\$ 2,322,347	52.89%	\$ 2,695,947	116.09%
3 ThermWise Business Rebates **	\$ 371,874	\$ 502,385	74.02%	\$ 768,548	152.98%
4 ThermWise Home Energy Audits *	\$ 301,857	\$ 631,445	47.80%	\$ 624,275	98.86%
5 Market Transformation	\$ 722,107	\$ 1,224,860	58.95%	\$ 1,224,860	100.00%
6 Low Income Weatherization	\$ 250,000	\$ 250,000	100.00%	\$ 250,000	100.00%
7 ThermWise Weatherization Rebates *	\$ 2,834,531	\$ 782,860	362.07%	\$ 4,655,667	594.70%
8 ThermWise Multi-family Rebates ***	\$ 257,522	\$ 1,734,202	14.85%	\$ 1,127,231	65.00%
9 ThermWise Business Custom Rebates ****	\$ 27,049	\$ 489,018	5.53%	\$ 195,607	40.00%
10 Programs Total	\$ 8,380,361	\$ 10,500,412	79.81%	\$ 16,032,670	152.69%

* Five month projection based on average monthly program measure participation between July 1, 2007 and July 31, 2008.

** Five month Infrared Heating System projection based on average monthly participation in Q2 2008. Remaining Business program measure projection based on average monthly participation between July 1, 2007 and July 31, 2008.

*** Projection of 65% participation based on August 2008 PECL estimate of achievable program goals.

**** Projection of 40% participation based on Questar estimate of achievable program goals.

Deemed Natural Gas Savings

Program	Actual Net Dth Saved	2008 Net Estimated Dth	Percent of Estimate	Revised Net 2008 Dth	Projected % of Estimate
(A)	(B)	(C)	(D)	(E)	(F)
11 ThermWise Appliance Rebates	64,469	52,403	123.03%	110,675	211.20%
12 ThermWise Builder Rebates	32,826	40,122	81.82%	54,615	136.12%
13 ThermWise Business Rebates	16,693	20,790	80.29%	44,395	213.54%
14 ThermWise Home Energy Audits	4,981	10,460	47.62%	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	49,500	11,325	437.08%	76,820	678.31%
18 ThermWise Multi-family Rebates	876	18,868	4.64%	12,549	66.51%
19 ThermWise Business Custom Rebates *	0	12,316	0.00%	4,926	40.00%
20 Programs Total	169,345	166,285	101.84%	314,440	189.10%

* Business Custom projects currently in process have incurred costs but have not realized savings to this point. Those projects are expected to be completed in Q3 2008 at which time the savings will be realized.