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To: Utah Public Service Commission
From: Committee of Consumer Services
Michele Beck, Director
Dan Gimble, Special Projects Manager
Eric Orton, Utility Analyst
Date: September 12, 2007
Subject: Questar Gas DSM Monitoring and Verification program Reply (07-057-05).

1 Background

On August 24, 2007 the Committee of Consumer Services (CCS), Questar Gas Company (QGC), and Utah Clean Energy (UCE) filed comments as requested by the Public Service Commission (PSC) on August 10, 2007 regarding the DPU's proposed DSM evaluation plan memo that it filed on July 26, 2007.

On August 27, 2007 the PSC issued a 'Notice of Separation of DSM Evaluation Plan Issues into Separate Docket' and indicated that Questar and others could reply to the comments filed by September 12, 2007. This is the Committee's reply

2 Discussion

The Committee is not surprised that all the Co-applicants memoranda are supportive of each other, and would expect that behavior. The DPU as a Co-applicant filed the memo referred to above, and the other Co-applicants submitted supporting memoranda, as one would anticipate.

CCS is the only independent voice to file memoranda in this docket un-fettered by previous commitments of support pledged to the other Co-applicants. CCS stands by its filed memo in this proceeding as representing the interests of QGC's customers.

The primary function of the M&V plan is one of monitoring the programs relative to the terms and conditions under which they were proposed, and verifying that these DSM programs did achieve their anticipated customer participation levels and the savings

upon which approval was granted. Customer money funds these DSM programs; therefore, it is imperative that an independent, objective and rigorous quantitative analysis be performed to ensure that the programs are cost effective. The Committee's view is that a strong, well developed M&V plan will ensure that customers interests and investments in the DSM programs are protected and also best facilitate successful DSM implementation.

3 Recommendations

The Committee continues to support its recommendations originally offered in its memo dated August 23, 2007, namely:

- 1) First year program estimates should be compared to actual participation levels and savings in order to evaluate whether the DSM programs are "ramping up" in the fashion originally envisioned.
- 2) The relative emphasis in the Evaluation Plan should be addressed by the consultants retained as independent, third-party evaluators. In its RFP, the Division should require bidders to describe in detail the methods and procedures they propose for DSM program evaluation.
- 3) The Division should work with the Committee and other interested parties associated with the DSM Advisory Group in the preparation of the RFP that will be issued to retain third-party evaluators.