

STATE OF UTAH DEPARTMENT OF COMMERCE
DIVISION OF PUBLIC UTILITIES

PUBLIC HEARING

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DOCKET 09-057-T04

IN THE MATTER OF QUESTAR GAS COMPANY DEMAND SIDE
MANAGEMENT TARIFF REVISIONS

ADMINISTRATIVE JUDGE: RUBEN ARREDONDO

* * *

March 26, 2009
11:00 a.m.

Public Service Commission
160 East 300 South Fourth Floor,
Salt Lake City, Utah

* * *

CHARLES T. GILBERT
Registered Professional Reporter

A P P E A R A N C E S

JENNIFFER N. BYDE
Questar Gas Company

PATRICIA E. SCHMID
Office of Attorney General

MICHELE BECK
Committee of Consumer Svc.

PAUL PROCTOR
Committee of Consumer Svc.

SARAH WRIGHT
Utah Clean Energy

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MARLIN H. BARROW	#30
MICHELE BECK	#44
SARAH WRIGHT	#61

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P R O C E E D I N G S

EXAMINATION

THE COURT: All right. We are here in Docket No. 09-057-T04, in the matter of the application of the Tariff Changes for the Third Year Budget for Demand Side Management Programs and Market Transformation Initiative.

My name is Ruben Arredondo, and I'm the hearing officer assigned by the Division to hear this matter.

And with that let's start with the Company.

MS. BYDE: Thank you. I'm Jennifer Byde, I'm here on behalf of Questar Gas. With me I have Mr. Dan Dent, he is the primary witness.

THE COURT: Thank you, Ms. Byde.

And then the Division.

MS. SCHMID: Patricia Schmid, the attorney general's office, representing the Division of Public Utilities. And with me is Marlin H. Barrow who will be the Division's witness in this matter.

THE COURT: And Mr. Procter.

MR. PROCTER: I'm Paul Procter, I represent Utah Committee of Consumer Services. Michelle Beck,

1 the director, and Mr. Orton are here to participate.

2 Thank you.

3 THE COURT: Then with that let's go ahead and
4 begin.

5 Actually, before we start for those who would
6 like to be public witnesses if you would like to make
7 comments regarding the application by Questar, Ms.
8 Cheryl Murray is in the back standing right there, if
9 you would like to make comments go ahead and sign up
10 with her and we will do that after the parties present
11 their arguments of presentation, then you will be
12 permitted to make comments, and then I will explain
13 that further when we come to that point. We will call
14 you up in the order that you signed up.

15 All right, then Ms. Byde, you can begin,
16 please.

17 MS. BYDE: The gas company would call
18 Mr. Dent.

19 THE COURT: All right. Mr. Dent, if you
20 would come up here, please.

21 Maybe, would it be easier to stay there?
22 Either way is fine, probably make it easier for you.

23 THE COURT: Please raise your right hand.

24

25

1 (Whereupon, Mr. Dent was first duly sworn,
2 and testified as follows).

3

4

EXAMINATION

5

6 BY MS. BYDE:

7 Q. Could you please state your name for the
8 record.

9 A. Dan Dent.

10 Q. And by whom are you employed?

11 A. By Questar Gas company.

12 Q. And what's your position at Questar Gas?

13 A. I'm the director of the Demand Side
14 Management.

15 Q. What does that job entail?

16 A. I have responsibility for managing the
17 company's energy efficiency programs.

18 Q. Did you participate in the preparation of the
19 application, in the matter of the application for
20 tariff change for Third Year Budget for Demand Side
21 Management Programs and Market Transformation
22 initiatives?

23 A. Yes, I directed it.

24 Q. Can you provide a little background as to the
25 demand management programs that relate to this

1 application.

2 A. Yes. On October 1st, 2008, Questar submitted
3 a third year program budget for our DSM program. That
4 budget amounted to about 17.8 million dollars. On
5 December 3rd the Public Service Commission approved
6 that third year budget to be effective on January 1st
7 2009.

8 Q. Tell me about the two programs that are at
9 issue in this application.

10 A. The two programs that we were dealing with
11 today are the ThermWise Weatherization Program which
12 includes rebate to our single-family residential
13 customers for attic, wall and floor insulation as well
14 as duct sealing, duct insulation, and programmable
15 thermostats. That program has a Commission approved
16 budget of 4.9 million dollars or 28 percent of the
17 total DSM budget.

18 The other program that we are talking about
19 today is our ThermWise Multi-Family Rebates Program,
20 that program is similar to our weatherization program,
21 it includes attic, wall and floor insulation as well as
22 space heating, water heating and laundry appliance
23 rebates for our multi-family customers. That program
24 has a budget of 2.09 million dollars, which is 12
25 percent of the total DSM program budget.

1 Q. So these two programs represent a portion of a
2 number of programs offered through the DSM --

3 A. That's correct.

4 Q. -- initiative? Tell me about how these two
5 programs and the weatherization program in particular
6 have developed over the past few years.

7 A. We developed our programs in the fall of 2006
8 to be effective January 1st 2007. At that time when we
9 designed and developed our weatherization program --
10 the multi-family program came later on in 2008. At
11 that time when we developed our weatherization program,
12 specifically our insulation rebates, there were
13 approximately what we considered to be about five to 10
14 major insulation contractors in the marketplace. At
15 that time the housing market was still booming. Today
16 we see more than 10 times that amount of contractors in
17 the marketplace participating in the rebate program.
18 As more and more contractors enter the market and
19 provide insulation services and participate in our
20 program it's increased competition in the market and
21 driven customer pricing down.

22 Q. And how has that change in price impacted the
23 program, particularly these two programs that are at
24 issue today?

25 A. The change in the market pricing has changed

1 the dynamics of the intent and design of our program in
2 such a way that our current rebate offerings, for
3 example, for our attic insulation, we offer a rebate of
4 35 cents a square foot right now that the customer cost
5 in many cases are down near that level or at that
6 level, so the customer is getting basically free
7 insulation in many cases which is not the intent or the
8 design of the program.

9 Q. Tell me why the Company has filed their
10 application now.

11 A. There is two primary reasons for the Company
12 filing our application at this point. One, is the
13 change in the market conditions. The increased
14 competition has added the number of contractors doing
15 the work for our customers. That dynamic has, as I
16 said, reduced pricing to customers.

17 The second driver which is related to those
18 changes in market conditions is the amount of funds
19 that are going through the program. We anticipated 4.9
20 million dollars in 2009, we basically spent that amount
21 in the first two months of 2009. And if we continue at
22 current projections we would be spending over 30
23 million dollars just on insulation rebates, which is
24 500 percent of our current budget for the
25 weatherization program and 167 percent of our total DSM

1 budget, which includes all of our commercial customers,
2 all of our single-family customers, our home energy
3 audit program and our builder program.

4 Q. In addition to these budgetary concerns are
5 there other reasons for the filing of this tariff
6 application at this time?

7 A. Yes. The primary reason beyond the budget and
8 the costs that are being incurred is that the original
9 design and intent of the program was to pay a portion
10 of the customer cost to improve the energy efficiency
11 of their home. For most of our programs we target
12 somewhere between 30 and 70 percent of the incremental
13 costs to the customer to participate in energy
14 efficiency measures. Given the current market
15 conditions in our insulation rebates our rebates are
16 covering in many cases 100 percent of the costs rather
17 than 30 to 70 percent of the costs. So the current
18 market conditions indicate that the program as
19 originally designed and approved by the Public Service
20 Commission is not, the results are not being met.

21 Q. Let me draw your attention to what we have
22 previously handed out and have identified as exhibit,
23 Application Exhibit 1U. It's my understanding this is
24 an updated exhibit.

25 MS. BYDE: I wonder, for the people who are

1 observing, we have some extra copies I can make
2 available, I'm just not sure how you prefer to do it.

3 THE COURT: Maybe we can have just a take one
4 and pass it down, take a look at it and then pass it
5 down to your neighbor, if you can.

6 Do we have enough copies so everybody can see
7 it? Okay.

8 MS. BYDE: While he is passing that out I
9 would like to continue.

10

11 BY MS. BYDE:

12 Q. Do you recognize that Application Exhibit 1U?

13 A. Yes. This chart was put together under my
14 direction.

15 Q. And it's entitled 1U, is that an update of
16 something that was previously filed?

17 A. Yes. In the application we had filed, this
18 exhibit, the only difference between this 1U and the
19 original exhibit is we added the month of February.

20 Q. Describe for me a little bit what this exhibit
21 shows.

22 A. What this exhibit shows is the gradual ramp-up
23 of the participation in our insulation rebates program
24 for our weatherization program. And as you can see the
25 first 18 months the ramp-up was fairly gradual and

1 consistent with the program design and intent.
2 Beginning the fourth quarter of 2008 we saw a dramatic
3 spike in customer participation and the rebates that we
4 were paying out for that. And that trend continues to
5 increase.

6 MS. BYDE: Your Honor, at this time I would
7 like to have Application Exhibit 1U admitted to the
8 record.

9 THE COURT: No objections?

10 Go ahead.

11

12 (Application Exhibit No. 1U was marked for
13 identification.)

14

15 MS. BYDE: Thank you.

16

17 BY MS. BYDE:

18 Q. Mr. Dent, can you just summarize briefly the
19 specific changes to these programs that Questar Gas is
20 requesting in that application.

21 A. Yes. We have five proposed changes. The
22 first change is to reduce our attic insulation rebate
23 measure from 35 cents per square foot to 20 cents per
24 square foot. Our second is to reduce our floor
25 insulation rebates in both the weatherization and

1 multi-family programs from 35 cents to 20 cents per
2 square foot. Third, reduce our wall insulation rebates
3 in both programs from 45 cents to 30 cents per square
4 foot. Fourth, is to increase our weatherization budget
5 to accommodate for an anticipated higher level of
6 customer participation. We would be increasing this
7 budget from four point nine million dollars to nine
8 million dollars year-end, based on anticipated 35
9 thousand customers participating in this program. This
10 budget increase is equal to nearly four point two
11 million dollars, three point three million of those
12 four point two million dollars is associated with
13 direct customer rebates. \$675,000 of that increase is
14 due to program administration, primarily for processing
15 rebate applications, but also for adding a small amount
16 of staff to manage insulation contractors and trade
17 allies participating in our program, and then \$164,000
18 increase to the budget is associated with doing an
19 additional number of on-site verifications of
20 insulation jobs performed by contractors and
21 homeowners. Fifth is an increase in the multi-family
22 rebates program budget, and that increase would be
23 going from two point zero nine million dollars to two
24 point four six million dollars. That increase is
25 \$370,000 and is entirely related to paying additional

1 customer rebates for insulation related measures.

2 Q. And can I draw your attention to what we have
3 previously handed out and marked as Hearing Exhibit 1.

4 Do you recognize this document?

5 A. Yes, I do.

6 Q. Did you participate or oversee it's
7 preparation?

8 A. Yes. I put this together myself.

9 Q. Okay. Can you describe what it contains.

10 A. This chart shows the cost-effectiveness
11 results of our ThermWise Weatherization Program, our
12 Multi-Family Rebate Program, and the overall DSM
13 portfolio. The cost effectiveness is determined by a
14 spreadsheet model that we developed based on the
15 California Standard Practices Manual which was approved
16 by the Public Service Commission in our original filing
17 in 2007.

18 There is four primary tests that we look at
19 to determine cost effectiveness of our program. To
20 test that I would first like to speak, to draw
21 everybody's attention to the Utility Cost Test. This
22 test measures the benefits received from all customers,
23 all Questar Gas residential and commercial customers,
24 on a general service rate to the cost that they pay in
25 to for these programs. So the Approved title there,

1 you see Approved titled there under Utility Cost Test,
2 that is what was approved in our 2009 budget back in
3 2008 by the Public Service Commission, and the Proposed
4 title is updated cost-effectiveness results for the
5 programs as we proposed with changes in this file.

6 Important to note that there is a significant
7 increase in the cost effectiveness for all customers
8 for this change to our programs, and an example would
9 be, in the weatherization program, the approved
10 cost-effectiveness benefit cost ratio of two point
11 seven, the proposed benefits cost ratio goes to four
12 point one. And in brief what that means, for every
13 dollar that customers spend in our program we are
14 returning \$4.10 back to them through participation in
15 that program. And so you can see also on the
16 multi-family program that's an improvement in cost
17 effectiveness from one point 5 benefit cost ratio to a
18 two point four. And then the change in those two
19 programs and how they relate to the overall portfolio
20 shows an increase of two point four benefit cost ratio
21 to three point one for the whole DSM program.

22 Q. Okay. So just to make sure that it's clear
23 how one would read this chart, if you look at the
24 heading entitled Approved, that is how the benefit cost
25 analysis was done based on the 2009 budget; correct?

1 A. That's correct.

2 Q. And the proposals would be based on the budget
3 proposed in this application; is that correct?

4 A. That's correct.

5 Q. Okay. Thank you.

6 MS. BYDE: I would move to have this admitted
7 to the record.

8 THE COURT: No objections?

9 Hearing Exhibit 1 is admitted.

10 MS. BYDE: Thank you.

11

12 (Hearing Exhibit No. 1 was marked for
13 identification.)

14

15 BY MS. BYDE:

16 Q. Has the Company performed any additional gas
17 savings analysis not reflected in the exhibits we just
18 reviewed?

19 A. Yes. Given the dramatic increase in the
20 customer participation and the amount of dollars
21 flowing through the program beginning back in December
22 of 2008 and continuing on to today, in addition to the
23 cost-effectiveness results that I just talked about the
24 Company thought that it was prudent to do a preliminary
25 billing analysis on customers that had participated in

1 our insulation rebates program. In the first year of
2 our program we looked at 889 customers who had
3 participated in our programs from May 1st 2007 to,
4 through September 30, 2007. We looked at their usage
5 from October 1st 2006 through April 30th 2007. And
6 then that was before insulation was installed in their
7 homes, that was before they participated in our
8 program. And then we looked at their usage again from
9 October 1st 2007, so a year later, through April 30,
10 2008. We also looked at the square footage that they
11 reported to us that they had insulation cover, and the
12 results of that finding indicate that of those
13 customers the average decatherm savings was six point
14 six five decatherms a year, or point zero zero six
15 decatherms per square foot per customer per year.
16 Those findings are consistent with the deemed savings
17 that we anticipated from our attic insulation rebates
18 of point zero zero seven decatherms per square foot per
19 customer per year.

20 Q. In addition to the Company's work on this
21 matter, did they consult with or collaborate with
22 anyone else?

23 A. Yes. On March 5th as we regularly do at least
24 three to four times a year, we met with our Questar Gas
25 DSM advisory group, we presented the information

1 related to these, to the market changes in insulation
2 to the funds that were going through the program, and
3 all the issues we have included in our filing. This,
4 the DSM advisory group is made up of stakeholders
5 including Public Service Commission staff in addition
6 to the Commission of Public Utilities, the Committee of
7 Consumer Services, Utah Clean Energy, Southwest Energy
8 Efficiency Project. Also at that meeting we had
9 several contractors, insulation contractors, attend our
10 meeting. The consensus of the stakeholders, the
11 primary members of the DSM advisory group, is that
12 there were significant issues that needed to be
13 addressed and addressed fairly quickly, which prompted
14 our filing for this tariff change.

15 In addition to that on February 18th 2009 we
16 joined with Rocky Mountain Power and hosted a meeting
17 with our insulation contractors to have, to present and
18 have a discussion with our contractors regarding the
19 insulation work that's being performed in the market
20 and the issues that we have currently with program
21 messaging to customers as well as quality of insulation
22 and then just overall training on our program.

23 Q. What effective date does the Company propose
24 for these changes?

25 A. Because time is of the essence and the

1 feedback that we have gotten from various stakeholders,
2 we have proposed that April 1st 2009 as an effective
3 date for these changes.

4 Q. Have you submitted tariff sheets that reflect
5 these proposed changes?

6 A. Yes, they are included in our filings.

7 Q. Did you have any corrections or changes to the
8 application?

9 A. We do have a couple of corrections to three of
10 the tables that are submitted in the application.

11 Q. Okay. Let me interrupt you there. Let me
12 draw your attention to what has been marked as
13 Application Table III-Updated, Application Table
14 IV-Updated, and Application Table V-updated{sic}.

15 Do you recognize these documents?

16 A. Yes.

17 THE COURT: I have Application Table
18 VI-Updated.

19 MS. BYDE: Oh, I'm sorry. Table VI-Updated.
20 I misstated that, there is no Table V.

21

22 BY MS. BYDE:

23 Q. So the updated tables are III, IV, and VI;
24 correct?

25 A. That's correct.

1 Q. Can you describe for me what these are.

2 A. Yes. These are our Company's estimates of
3 budget and customer participation from basically the
4 effective date of this change going forward. So they,
5 each table, Table III is for weatherization, Tables IV
6 and VI are for the multi-family program.

7 Q. Let me stop you there. Are these reflective
8 or updates of something that appeared in the
9 application?

10 A. Yes. These tables were included in the
11 original application.

12 Q. Can you describe what corrections were made.

13 A. The corrections that were made to these, to
14 Tables III and IV include updated calculations for the
15 percentages column, which is the far right column. The
16 percentages for each of the line items was
17 miscalculated in the tables that were included in the
18 application. The total line percentage was correct,
19 but the individual line items were incorrect, so we
20 updated them to reflect correct percentages. These
21 percentages are not relative necessarily to the dollar
22 amounts or the numbers that are included in the tables,
23 those are all the correct.

24 Q. And Table VI?

25 A. Table VI has the same issues as Table III and

1 Table IV. The percentages per line item were
2 miscalculated, so we updated those calculations.

3 In addition to that we, it was pointed out to
4 us after we had filed that we had not estimated,
5 provided an updated estimate for high-efficiency
6 storage water heaters in the multi-family program. We
7 originally estimated in our budget that we would have
8 44 participants in that program, and through January
9 and February of 2009 we had already realized 60
10 participants. When we were creating these updated
11 estimates we were focusing on insulation measures and
12 not the rest of the measures in the program, so we
13 neglected to update that number. This table reflects
14 an updated number of 360 participants which does change
15 the deemed savings as well as the estimated expense for
16 the overall program.

17 Q. Did you prepare these updated tables?

18 A. Yes, I did.

19 MS. BYDE: Your Honor, I would move to have
20 these admitted into the record as well, all three of
21 them.

22 THE COURT: No objections?

23 We will admit Tables III, IV and VI.

24 MS. BYDE: Thank you.

25

1 (Exhibit Tables III, IV, and VI were marked for
2 identification.)

3

4 BY MS. BYDE:

5 Q. Does correcting these errors change or alter
6 the basis for this application in any way?

7 A. No, no.

8 MS. BYDE: I have no further questions.

9 Mr. Dent is available for cross-examination.

10 THE COURT: Ms. Schmid, any questions?

11 MS. SCHMID: I just have a couple of
12 clarifying questions.

13

14 BY MS. SCHMID:

15 Q. Are there outside companies with which Questar
16 works in the administration and the design of this
17 program?

18 A. Yes. We have two implementation contractors
19 that assist us in implementing and administering our
20 programs. One is Nexant and the other is Portland
21 Energy Conservation, Incorporated.

22 Q. Could you explain their function.

23 A. Both contractors help design our programs,
24 they help us and have basically primary responsibility
25 for implementing the programs to the market, including

1 dealing with the trade allies, so in this case our
2 insulation contractors. And they process 100 percent
3 of our rebate applications including the customer
4 service that is related to that.

5 MS. SCHMID: Thank you.

6 THE COURT: Mr. Proctor?

7 MR. PROCTOR: Yes, thank you.

8

9 BY MR. PROCTOR:

10 Q. Mr. Dent, at the 35 cent level that's
11 presently being paid by Questar Gas, is the
12 cost-effective test for the program met?

13 A. Yes.

14 Q. You propose an effective date proposed, of
15 implementation of these changes April 1st 2009, which I
16 believe is next Wednesday?

17 A. That's correct.

18 Q. If one was to call the ThermWise website or
19 get on the ThermWise website at the present time what
20 would that customer be told was the rebate amount for
21 attic insulation?

22 A. Our current approved rebate amount is 35 cents
23 per square foot.

24 Q. Is there any communication on Questar's
25 website or the ThermWise website or any bill stuffer's

1 bill information that has alerted customers to this
2 change?

3 A. No.

4 MR. PROCTOR: I have nothing further.

5 Thank you.

6 THE COURT: Thank you.

7 Anything else, Ms. Byde?

8 Oh, I'm sorry. Excuse me.

9 MS. WRIGHT: My name is Sarah Wright with
10 Utah Clean Energy. I have been working with the DSM
11 issues and working with the programs for quite
12 sometime. And, I'm sorry, I just found out about this
13 hearing at 9:30 this morning.

14 THE COURT: Ms. Bright?

15 MS. WRIGHT: Wright.

16 I do have one question.

17

18 BY MS. WRIGHT:

19 Q. Mr. Dent, I was wondering how the cost
20 effectiveness of the insulation programs, the results
21 of those tests compare to your other programs for the
22 current process?

23 A. The cost-effectiveness results from our -- I
24 think you're asking about weatherization and
25 multi-family, and how it compares to other programs?

1 Q. Your other programs, because they are
2 extremely cost-effective the way they are right now,
3 and I'm wondering how they compare to your other
4 programs.

5 A. I guest I would go back to Hearing Exhibit 1
6 and direct people to the Portfolio level
7 cost-effectiveness results. You can see by that, we
8 have eight programs in our portfolio, and you can see
9 that the weatherization program again focused on the
10 Utility Cost Test which is the third block over, the
11 fourth block over from the left. The weatherization
12 program is at a higher benefit cost ratio than the
13 overall average portfolio, and the multi-family program
14 is slightly below the overall portfolio for benefit
15 cost ratio with the proposed changes. Overall, I think
16 the weatherization program is probably more a top-tier
17 cost-effective, on the cost-effectiveness results
18 scale. It is not the most cost-effective program that
19 we have, I believe our business and our business
20 customer rebates programs are the most cost-effective
21 programs that we have.

22 Q. So did you just say that even in it's current
23 state it's one of your most cost-effective programs?

24 A. That's right. You can see in the current
25 conditions at 35 cents per square foot per attic --

1 well, without the changes our approved budget has a
2 cost-effectiveness result in the utilities cost test
3 for the weatherization program of two point seven
4 benefits to cost.

5 MS. WRIGHT: Thank you.

6 THE COURT: Any other questions?

7 Any follow-up?

8 MS. BYDE: I have just a couple of follow-up
9 questions.

10

11 BY MS. BYDE:

12 Q. And I would like you to continue looking at
13 that exhibit, the one you were just referring to. And
14 I almost put my hands on it.

15 Mr. Proctor in particular pointed out that at
16 the 35 cents level this program is still
17 cost-effective. When you reduce the level of the
18 rebate, how does that affect the cost effectiveness?

19 A. One of the things that I haven't addressed at
20 this point in the cost-effectiveness results is, and I
21 can go over some of these tests in more detail, is that
22 there is an across-the-board improvement to the
23 cost-effectiveness results from these changes when you
24 consider the original design and intent of our program.
25 The original design and intent of the program is to pay

1 only a portion of the customer's costs to cover the
2 energy efficiency in their home. So if I could direct
3 your attention to the participant cost test you can see
4 that at an approved level where we are at today the
5 benefit cost ratio for the weatherization program is
6 two point eight, with the proposed changes that
7 actually drops to two point four. That's a reflection
8 of a drop in incentive. So that's a reflection of the
9 customer having to pay a little bit to get insulation
10 installed in their home, a little bit more. That is
11 consistent with the design and the intent that the
12 Commission approved with our programs back in 2007. So
13 that's actually an improvement to the program even
14 though benefit cost ratio went down a bit. The
15 combined benefit cost, benefits and costs of the
16 participant test and utility cost test make up the
17 total resource cost test. So again that's why you see
18 the weatherization benefit cost ratio go from two point
19 five to two point three with these proposed changes.
20 Overall it's a slight reduction in the overall benefit
21 cost, but not to the general customer of Questar Gas,
22 it's only because the participating customers are
23 having to pay more in to the programming by
24 participating than they are currently.

25 The other test that's on this sheet is the

1 Rate Payer Impact test. This is the test that shows
2 what the rate, the impact will be to all rate payers
3 based on these proposed changes. And you can see on
4 both programs and the portfolio overall with these
5 proposed changes, we are protecting the rates for all
6 customers through this rate payer impact. The benefit
7 cost ratio goes up from one point nine in the
8 weatherization to two point four, and one point two to
9 one point seven in multi-family, and the overall
10 portfolio goes from one point seven to two point zero.

11 So I guess the long and short of it is that
12 the general rate payer who is paying in to these
13 programs, who is paying for these insulation rebates,
14 are benefitting more by these changes than they would
15 if we left them in their current state.

16 MS. BYDE: I don't have any other questions.

17 THE COURT: Ms. Schmid?

18 MS. SCHMID: No follow-up questions.

19 THE COURT: Mr. Proctor?

20 MR. PROCTOR: No, thank you.

21 THE COURT: Ms. Wright?

22

23 BY MS. WRIGHT:

24 Q. Mr. Dent, can you explain what a rate payer
25 impact of one would mean, if you had a rate payer

1 impact of one.

2 A. You mean, a rate payer who is --

3 Q. So if you had just -- if the rate payer impact
4 was one --

5 A. Oh. If the benefit to cost ratio is one?

6 Q. Exactly.

7 A. That would mean that there would be no change
8 whatsoever.

9 Q. It would have no impact on rates?

10 A. Every dollar that goes in is a dollar
11 returned.

12 Q. So anything that's above one is a benefit to
13 the rate payer?

14 A. That's right. All of these benefit cost
15 ratios basically mean that for every dollar that is
16 spent if it's above one, if the ratio is above one,
17 that's returning more than a dollar.

18 MS. WRIGHT: Thank you.

19 THE COURT: Thank you.

20 Ms. Schmid?

21 MS. SCHMID: The Division would like to call
22 Marlin H. Barrow as our witness.

23 Could Mr. Barrow please be sworn.

24 THE COURT: Mr. Barrow, if you will raise
25 your right hand for me.

1 (Whereupon, Mr. Barrow was first duly sworn,
2 and testified as follows).

3

4

EXAMINATION

5

6 BY MS. SCHMID:

7 Q. Good morning.

8 A. Good morning.

9 Q. Could you please state your name for the
10 record.

11 A. Yes. It's Marlin H. Barrow.

12 Q. By whom are you employed and in what capacity?

13 A. I am employed by the Division of Public
14 Utilities as a technical consultant.

15 Q. On behalf of the Division have you
16 participated in this docket?

17 A. Yes, I have. I also have prepared a memo that
18 the Division prepared and submitted to the Commission
19 regarding our review of this particular application.

20 Q. Is that the memorandum that has been marked
21 for identification as D.P.U. Exhibit 1 and distributed
22 to the parties dated March 23rd 2009 in this docket?

23 A. Yes, it is.

24 MS. SCHMID: With that the Division would
25 like to move that D.P.U. Exhibit 1 be admitted.

1 THE COURT: No objection.

2 MS. BYDE: No objection.

3 THE COURT: D.P.U. Exhibit 1 is admitted.

4 MS. SCHMID: Thank you.

5

6 (Exhibit No. D.P.U. Exhibit 1 was marked for
7 identification.)

8

9 BY MS. SCHMID:

10 Q. Mr. Barrow, do you have any comments that you
11 would like to make?

12 A. Just briefly. Without going into more detail
13 of what I have already put into the memo, I would like
14 to make a couple clarifying statements.

15 The first statement that I would like to make
16 is we would like everyone to understand that their
17 definitely is a cost to these DSM programs, not only
18 the weatherization but all programs, and that cost is
19 actually borne by all rate payers. They do reimburse
20 the cost of these programs through the rates they pay
21 and their monthly gas bills. So we do want to
22 recognize that there is no such thing as a no-cost
23 opportunity, rate payers do pay for these programs in
24 their rates each month, winter and summer.

25 We also would like people to understand that

1 the Division feels it's very important that customers
2 who are receiving the benefits of these programs take
3 ownership of these programs. By ownership we mean that
4 they take responsibility to see that these programs are
5 properly implemented. We currently feel under the
6 current paradigm that we see happening in the
7 marketplace, sometimes I think it's human nature that
8 when we are presented with a no-cost opportunity, or in
9 other words as a rate payer we are not asked to invest
10 our own dollars in to it, we really don't pay attention
11 to what's going on and what's being implemented in our
12 homes. And we think that is an issue that really needs
13 to be addressed. Therefore we support the lowering of
14 the incentive so that the customers are incented more
15 to participate with some of their own dollars.

16 Also maybe in a clarification to what I put
17 into the memo was a recommendation that we put in the
18 memos that for the moment, we recommended that the
19 administrative cost increase that was asked for by the
20 Company as well as the increase in the cost of
21 devaluation not be approved at this time. Our purpose
22 in making that recommendation was not to deny that
23 these activities continued, but rather that we felt it
24 was a little premature in the development of these
25 programs since we have only had two months of

1 experience to ask for a request as the Company had
2 requested for these costs at this time. But we
3 certainly do approve that the, or understand that later
4 on in the year as we get more experience and see how
5 this whole program shakes out that there is the strong
6 possibility that these costs will need to be increased
7 because there definitely is going to be an increase in
8 the administrative costs to handle the increased
9 participants that have been unforeseen at this time.

10 With that that's basically all I have to say
11 particularly regarding my memo.

12 THE COURT: Okay. Thank you, Mr. Barrow.

13 MS. SCHMID: I have just a couple clarifying
14 questions.

15 THE COURT: Okay.

16

17 BY MS. SCHMID:

18 Q. Mr. Barrow, you mentioned the rate payer cost
19 and how perhaps someone who is not paying the full cost
20 of, for example, the insulation may not appreciate or,
21 to put it in a better word, may not care, may not be as
22 invested in a program as when they are paying the full
23 cost as compared to when they're getting something for
24 free. But isn't it true all rate payers do pay a
25 portion of that program?

1 A. Well, it's true that all rate payers, all rate
2 payers will reimburse the total cost of these programs;
3 not just a portion, they will pay the full cost of
4 these programs. In other words all the rate payers
5 will reimburse the Company for the total cost, all
6 costs of these programs.

7 Currently, right now rate payers are paying
8 20 cents a decatherm which is only reimbursing the
9 Company for about 18 million dollars of costs, but as
10 these programs keep maturing and as we get more and
11 more costs above that 18 million dollars that amount
12 can increase. But all the costs of the program will be
13 reimbursed by the rate payers eventually, not just a
14 portion.

15 Q. Are you also aware that Rocky Mountain Power
16 has a similar home energy savings incentive program?

17 A. I am somewhat familiar with that. I don't
18 know the real details of that program.

19 Q. Do you know that on March 23 Rocky Mountain
20 Power filed to change its rebate amount?

21 A. Yes. I saw notice of that application
22 yesterday afternoon.

23 Q. Do you believe that the --

24 MS. BYDE: I'm sorry to interrupt, Ms.
25 Schmid.

1 Can I interject for a moment?

2 THE COURT: Go ahead.

3 MS. BYDE: We appreciate that Rocky Mountain
4 Power has filed for similar reductions, but they are
5 not part of this docket and I am just concerned as to
6 what relevance they have here.

7 MS. SCHMID: The next question should answer
8 that.

9 MS. BYDE: Okay. Thank you.

10

11 BY MS. SCHMID:

12 Q. Rocky Mountain Power has requested an
13 implementation date of April 1st for its program change
14 and requests that the changes be synced up with the
15 Questar program change.

16 Do you have comments on that?

17 A. I saw that request when I briefly reviewed the
18 application. I am not really prepared to address that
19 issue at this time. The Division simply has not had
20 any time to respond to Rocky Mountain Power's
21 application at this time, we are not prepared to really
22 address that issue at this time.

23 MS. SCHMID: Thank you.

24 THE COURT: Mr. Proctor, any questions for
25 Mr. Barrow?

1 MR. PROCTOR: Could I have just a moment?

2 Perhaps if Ms. Byde wouldn't mind?

3 MS. BYDE: Not a bit. I have just a few
4 questions.

5 I want to make sure, Mr. Barrow, that I
6 understood your testimony.

7

8 BY MS. BYDE:

9 Q. I believe you testified a moment ago that all
10 of the rate payers, all of Questar's customers bear the
11 cost of this program. Is that a fair statement?

12 A. Yes. The cost of all the programs.

13 Q. If I can draw your attention back to Hearing
14 Exhibit 1. We spent a little time on this today.

15 Mr. Dent testified to some degree about the
16 rate payer impact cost benefit ratio. Would you
17 disagree with the premise that the customers are also
18 achieving a benefit and a return after contributing
19 these costs?

20 A. No, I don't disagree with that.

21 Q. Okay.

22 A. Our main concern is that the realization that
23 the customers do pay through these programs, that there
24 are no costs. There is cost in this program and they
25 pay for the cost of all these programs. That was our

1 claim.

2 Q. I appreciate that. Thank you for that
3 clarification.

4 With respect to the administrative costs,
5 there was some discussion about the proposed budget.
6 Is it the Division's position -- help me understand
7 it's position. Is it the Division's position that
8 Questar ought not make the administrative adjustments
9 to bear the increased applications?

10 A. No, that's not the position. Our position
11 right now is we realize there is going to be additional
12 costs to administer these programs, simply because of
13 the rapid amount of rebates and applications that have
14 been already received. We just feel that at this
15 moment in time it is premature to actually put a dollar
16 amount on that, so we would request that the amount of
17 dollars requested for those two specific areas, that's
18 the evaluation and the administrative costs, be
19 deferred until a later date when we get a better
20 feeling of what those actual dollars may be.

21 Q. So if your proposal or your suggestion is
22 accepted you would anticipate Questar coming back at a
23 later date to adjust the budget?

24 A. Yes. Possibly not only for these, but for the
25 other areas within the budget I agree with and

1 anticipate that possibility arising.

2 Q. Okay. Ms. Schmid also asked you about the
3 effective date of the programs, the proposed April 1st
4 effective date. -- strike that.

5 MS. BYDE: I don't have any additional
6 questions.

7 THE COURT: Ms. Wright?

8 MS. WRIGHT: None.

9 THE COURT: Mr. Proctor?

10 MR. PROCTOR: Thank you.

11

12 BY MR. PROCTOR:

13 Q. Mr. Barrow, on page three of your memorandum
14 on that Hearing Exhibit 1{sic}, the third paragraph
15 down, you reference a concern that the Division has for
16 verification process when you have varying insulation
17 dates and two different levels of reimbursement.

18 Do you see that point?

19 A. Yes.

20 Q. Now were you present in the courtroom when
21 Mr. Dent acknowledged that at this point in time, some
22 five days prior to the implementation date, there is
23 still no information being given to consumers about
24 this proposed change in the attic insulation
25 reimbursement rate?

1 A. Yes, I heard that.

2 Q. Would the Division then have any concerns that
3 there needs to be a period of time between the date of
4 the Commission's decision on this matter, and if they
5 change the amount, a transition period during which
6 time customers would be informed the present 35 cents
7 would exist until a date certain sometime in the near
8 future, and that would resolve some of the problems you
9 have addressed here on page three?

10 A. The problem I was really addressing on page
11 three is the Division recognized that the possibility
12 exists when you have a date certain to discontinue one
13 rebate and lower it to another time, that the
14 individuals processing the applications are going to
15 have to look for two certain dates in order to
16 determine which is the appropriate rebate that applies.
17 As far as extending the deadline the Company has asked
18 for here, the Division still supports the April 1st
19 deadline as applied for by the Company simply for the
20 reason that we realize there needs to be a date certain
21 that this transition takes place. The Company offered
22 up April 1st, and at the time we saw no reason to
23 oppose that date.

24 Q. Do you see a need to at least consider
25 adjusting that date at this time?

1 A. There may be extenuating circumstances where
2 that possibility could exist, yes.

3 Q. Well, you referenced Rocky Mountain Power's
4 application to effect a similar change. That
5 application, I believe, is dated March 23, 2009, just a
6 few days ago. And the day -- Rocky Mountain wants to
7 align its reduction in reimbursement rate to that which
8 Questar has asked for, and that's April 1st. Does the
9 Division see any additional problems that may result
10 particularly with customer notification in the event
11 that this Commission were to order that both are
12 changed effective April 1st?

13 A. Well, like I mentioned before the Division
14 really hasn't had time to respond to Rocky Mountain
15 Power's application, we just received that yesterday.
16 So I can't really address specifically as to how the
17 Division would respond to Rocky Mountain Power's
18 application and their request they sync it up with the
19 April 1st date. I think that it's premature for us to
20 even address that in this hearing.

21 Q. Wouldn't the prematurity then of your
22 consideration also argue for creating a transition
23 period between the two, the separate reimbursement
24 rates?

25 MS. SCHMID: Objection.

1 I didn't understand the question. Could it
2 be restated for perhaps just my benefit.

3 MR. PROCTOR: No. (Laughter).

4 MS. BYDE: I join in that objection.

5 THE COURT: Can you just restate it, maybe...

6

7 BY MR. PROCTOR:

8 Q. You stated it's premature to consider Rocky
9 Mountain Power's request that five days from now their
10 rate for reimbursement changes. You stated that;
11 correct?

12 A. Yes, I did.

13 Q. Wouldn't the prematurity of that consideration
14 by the Division also argue for the fact that there
15 should be a transition period between the 35 cents rate
16 and the new 20 cent rate for Questar and a change in
17 the Rocky Mountain Power's rate?

18 A. Well, I don't know if I can directly link
19 Rocky Mountain Power's request April 1st to the
20 application before us with Questar. There are certain
21 instances where that rebate from both Rocky Mountain
22 Power and Questar will not apply to individual
23 customers. One customer might qualify for one rebate
24 and not qualify for the other rebate. So there is not
25 a direct need right now to directly link Rocky Mountain

1 Power's request to Questar's request, because they are
2 two separate programs, you know, there is two separate
3 application processes involved that are administered by
4 different entities. So I don't really see a direct
5 link right now to make that April 1st hard and fast for
6 Rocky Mountain Power when we have not even considered
7 that.

8 MS. BYDE: Your Honor, if I may insert -- I
9 apologize, Mr. Proctor -- a belated objection, similar
10 to the one I asserted before.

11 The Rocky Mountain Power application is not
12 at issue here, and many of the parties here have not
13 yet had the opportunity to review it. And I would
14 object to the admission of any evidence to what Rocky
15 Mountain Power is proposing or has offered evidence to.

16 THE COURT: Okay.

17 Response, Ms. Schmid.

18 MS. SCHMID: I believe that the Commission
19 could take administrative notice of the application
20 filed by Rocky Mountain Power on March 23rd, entitled
21 Advise No. 09-04 Schedule 111 Home Energy Savings
22 Incentive Program.

23 THE COURT: Okay.

24 Mr. Proctor, your response.

25 MR. PROCTOR: Well, the objection was made to

1 Mr. Barrow's -- Questar's objection was made to
2 Mr. Barrow's testimony, and it's not my place to
3 respond.

4 THE COURT: Ms. Wright, do you want to add
5 anything?

6 MS. WRIGHT: No.

7 THE COURT: I'm going to abstain the
8 objection. I think Mr. Barrow testified he doesn't
9 know too much about Rocky Mountain Power's filing.

10 Any other questions, Mr. Proctor?

11 MR. PROCTOR: No.

12 THE COURT: Ms. Wright?

13 MS. WRIGHT: No questions.

14 THE COURT: And Ms. Byde?

15 MS. BYDE: No, I don't have any further
16 questions.

17 THE COURT: Okay. Thank you.

18 Any anything else, Ms. Schmid?

19 MS. SCHMID: Nothing further from the
20 Division.

21 THE COURT: Thank you.

22 Mr. Proctor, the Committee?

23 MR. PROCTOR: Ms. Beck will be providing the
24 Committee's response and comments in connection with
25 this application. She does need to be sworn.

1 THE COURT: All right. Ms. Beck, will you
2 raise your right hand.

3
4 (Whereupon, Ms. Beck was first duly sworn,
5 and testified as follows).

6
7 MS. BECK: I'm Michele Beck, I'm the direct
8 of the Committee of Consumer Services.

9 For the purposes of those in this room who
10 aren't usually in this room, let me explain that the
11 Committee of Consumer Services, and we will reference
12 ourselves as the Committee, is the state agency with
13 the statutory responsibility of representing small
14 commercial and residential consumers in utility matters
15 before the Commission.

16 Today, what I would like to do is explain our
17 position in general here with respect to this
18 application. We are not opposing most of the changes
19 that have been proposed. We will oppose the timing of
20 implementation, and I will speak to that in more detail
21 later. And also I would like to give sort of an
22 overall policy statement from the Committee with
23 respect to the, specifically the insulation program.

24 With regard to that program I think we, most
25 of us at least can agree it's a good program, it's been

1 effective. We have seen a successful transformation of
2 the market which is what is sort of this intangible
3 goal that we are always reaching for with Demand Side
4 Management programs. I would like to specifically note
5 that it's cost-effective at both the 35 cents level
6 when we are speaking of attic insulation as well as the
7 20 cent level. Yes, it's more cost-effective at 20
8 cents, it will be even more cost-effective at ten, five
9 and zero. So the question of where it is most
10 cost-effective may not be what the questions at hand
11 should be, but rather where you balance it in terms of
12 what type of incentive you provide versus what type of
13 benefits you receive. That should be what's at issue
14 here. We do though agree with earlier statements that
15 these programs are not designed to cover 100 percent of
16 the cost. I will note that there are few if any cases
17 where Questar's program covers 100 percent of the cost.

18 We do indeed need to factor in Rocky Mountain
19 Power's program to, in most instances based on the
20 information I have received, in order for it to result
21 in covering 100 percent of the cost, which is why I
22 believe that to a limited extent, it is appropriate to
23 be speaking of that program at the same time today. I
24 want to acknowledge that we agree that it's true that
25 rate payers are paying the cost of this. So the idea

1 that there is no such thing as a free lunch is true.
2 It's not free. But the question isn't, is somebody
3 paying? The question is, what level of benefits are we
4 getting for what we are paying for?

5 Now if we can see as rate payers in general,
6 if we can see the same level of benefit for lower cost,
7 then we are all for that; keeping in mind, though, that
8 any time the cost benefit ratio is greater than one,
9 rate payers in general are receiving more benefit than
10 for what, than what they're paying toward these
11 programs.

12 So we are not specifically opposing the
13 change today, but we have concerns about how it's being
14 made and we absolutely are opposing the timing in which
15 it's being proposed. Let me speak first to the
16 concerns and then to the timing.

17 With regard to our concerns, it's a
18 significant change going from 35 cents to 20 cents.
19 And although some don't want us to do this, if we
20 consider the Rocky Mountain Power for the instance when
21 we have got customers that have both central air served
22 by Rocky Mountain Power and gas by Questar, the program
23 as proposed from this other filing just made this week
24 would change from 70 cents to 30 cents, which is quite
25 significant. So our concern here is, are we taking the

1 appropriate analytical approach to setting the
2 incentive level? Is indeed the problem the Questar
3 program at all since it's cost-effective at 35 cents?
4 Or maybe the problem should be addressed in the other
5 docket with the Rocky Mountain Power program. Is 20
6 cents the right place, or are we going to see a
7 dramatic drop-off in the same way that he we saw a
8 dramatic increase? Are we going to see that all of the
9 contractors who moved into this field to help
10 participate in the market transformation move back out
11 of the field and then see the prices rise? I'm not
12 suggesting that, I'm not opposing 20 cents, but I am
13 suggesting that it may be arbitrary. If something like
14 this happens and we're back one more time resetting the
15 level, I think that would be the time to very seriously
16 consider what are the underlying principles that guide
17 us when we are looking at ranges that are all within
18 cost effectiveness, passing cost-effectiveness tests.

19 So let me then move on to the issue of
20 timing. Now, I was going to say that those of us in
21 this room are not all that impacted, but let me just
22 say those of us at these tables, the people who are
23 regularly here, this is our job, we do regulation, are
24 not the only people who are affected by these programs.
25 So we're, we have been talking about them, we know that

1 there have been these changes and concerns, but we must
2 consider that these are programs designed to help
3 consumers manage their energy bills.

4 Consumers don't know very much about this.
5 There was a recent widely publicized TV report that I
6 would suggest might have been misleading or at least
7 widely misunderstood by consumers. So now there's big
8 piles of questions out there. And then we do see a
9 wide variety of communication coming from contractors.
10 I know that just if we considered the five people in
11 our office and the fliers that we have as a group
12 received in the last two weeks, we have seen some
13 things that say, Hurry up, the incentives are about to
14 end. We have seen, Hurry and take advantage of this,
15 this is your last chance for free insulation. And then
16 everything in between. So we have seen a wide variety.

17 And I'm not calling out any contractors,
18 there is always good players and bad players in any
19 environment. But what I'm saying is we as the
20 regulatory community have the responsibility to insure
21 that consumers are given access to good information. I
22 went onto the ThermWise website yesterday, there is no
23 indication that a change has been requested or may
24 happen. So if I or somebody I know is a good,
25 responsible consumer and says, What's this I hear about

1 free insulation? I'm going to check it out. I will go
2 to ThermWise's website, I will be going to the Rocky
3 Mountain Power website, I will be going to the P.S.C.
4 website and find out what it's all about. There is no
5 possible way for a consumer to understand what they
6 could get today, what they could get next week. It's
7 next week, April 1st is next week. So if somebody who
8 is contracting today trying to check it out would not
9 be able to verify and may well contract for something
10 they couldn't in the end receive. So I think that as a
11 regulatory committee certainly we as consumer
12 advocates, but as a regulatory community we have an
13 absolute responsibility to ensure this.

14 In my view 30 days notice is minimum. The
15 website needs to reflect this, and probably the
16 Commission website as well, given the high level of
17 publicity that this has received. There needs to be
18 training at the Company, consumer representative level,
19 so that if somebody calls and says go to the website
20 and says what's the deal with the insulation? They can
21 be given precise information, where a consumer rep
22 could say, Well, today it's this, but for these very
23 good reasons it will be changing to something else on
24 this date certain.

25 So, anything else the idea of, and obviously

1 this hearing was well enough publicized, I don't
2 remember the last time I saw this many people in the
3 room. It does appear to be a certain segment of our
4 population who is here, and I just don't think that we
5 can consider this hearing an adequate notice for
6 consumers, and I think that as a matter of course we
7 need to be considering this for all future DSM
8 programs.

9 If we want good participation, we must
10 provide good information. So in my view 30 days notice
11 is minimum. If the Commission believes that it's
12 important to align the Rocky Mountain Power and the
13 Questar programs, then they will need to set it farther
14 out since the Rocky Mountain Power --

15 MS. BYDE: Again, I'm going to object to the
16 references to Rocky Mountain Power.

17 THE COURT: Sustained. I think we can take
18 administrative notice, though, of the -- I think there
19 is no doubt that Rocky Mountain Power filed the
20 petition or application. I think everybody knows, and
21 I think we can take administrative notice that they
22 filed for reduction in rebates. And I guess I'm not
23 opposed to generally making general references to it,
24 but I guess I kind of want to limit how much we want to
25 go into that.

1 I will be frank with you, I haven't read it
2 yet, I haven't read the petition yet.

3 MR. PROCTOR: If I may, Judge?

4 THE COURT: Yes.

5 MR. PROCTOR: Questar has implicitly raised
6 the issue, because their testimony was it was not
7 intended to be a no-cost program. Well, the only way
8 it's no cost, we have the evidence now from Ms. Beck,
9 is because you have a Rocky Mountain Power rebate, and
10 they're seeking to change that. So it's not an issue
11 which the Questar raised unless you also, it can't be
12 explained unless you have evidence as to what the other
13 side of the rebate is and how that reduction is going
14 to effect the cost benefit acquired from this DSM
15 program as a whole. I would ask the Court to
16 reconsider it's prior motion. I think what Mr. Barrow
17 said was just exactly that, just that, explaining how
18 this no-cost argument that Questar is making as a basis
19 for the change is really far more subtle than the
20 Company would have you believe. So I don't think the
21 objection is well taken.

22 MS. BYDE: May I respond to that?

23 THE COURT: Sure.

24 MS. BYDE: We are prepared to offer rebuttal
25 testimony from Mr. Dent, and I do intend also to

1 question Ms. Beck about the evidence that she offered
2 in that regard.

3 Mr. Proctor, we have abundant evidence that
4 Questar's rebate alone has on occasion covered the
5 entire cost.

6 THE COURT: Okay. Again, I'm going back to
7 what I said. I think we have taken administrative
8 notice, filed it, that the effect of that application
9 is also independent of the rules of evidence.

10 In these proceedings things are a little bit
11 more relaxed, but what I want to avoid is like what
12 happened with Mr. Barrow when we asked specific a
13 question testing his knowledge about what he doesn't
14 know or, in this case, or what I haven't read.

15 So just with that in mind I will abstain the
16 objection; but note that, with that caveat.

17 MS. BYDE: Thank you.

18 THE COURT: Okay, Ms. Beck, if you want to
19 continue.

20 MS. BECK: All right. Well, let me go back
21 to the timing and suggest that we need a 30 day notice
22 for consumers, minimum, we need 30 days. And so if the
23 Commission wanted to tie this issue into any other
24 issue it would be to take appropriate notice of the
25 timing that would be involved. And that notice I think

1 would also have to be very clear that the 30 days is
2 not from the date of order, but the from the date of
3 the change of information. Because in times past I
4 have dealt with a number of individual consumers who
5 have asked about certain programs and sometimes the,
6 you know, I do think Questar is quite good about
7 updating their website, but I don't know how quickly
8 the information gets to their call-in. So I would say
9 30 days from the time that the information is updated
10 at this site of the Company.

11 So one final more minor note on the timing.
12 I noticed that in the Division's memo they recommended
13 that in general Questar change their programs so that
14 they have 90 days from the time that the work is
15 completed to the time that the paperwork must be filed.
16 And I believe that we would support that. We would
17 also support 60 days. Right now what they're looking
18 at for this is an implementation of April 1 with all
19 paperwork done by May 15. I don't know about the rest
20 of you, but I know I have a very difficult time, and I
21 know all about these programs, getting my paperwork in
22 that quickly. So I think that a reasonable
23 accomodation for paperwork must also be made.

24 THE COURT: Thank you.

25 Any questions, Ms. Byde?

1 MS. BYDE: I do. Thank you.

2

3 BY MS. BYDE:

4 Q. Ms. Beck, if for a moment we can speak to the
5 timing issue because that was what we most recently
6 discussed.

7 Did you, you were present here in the
8 courtroom, did you hear Mr. Dent testify about a DSM
9 advisory committee meeting that occurred on March 5th
10 of this year?

11 A. Yes, I did.

12 Q. And were you present for that meeting?

13 A. No, I was not. I have been briefed on the
14 meeting.

15 Q. Would it surprise you to know that this very
16 issue in this application was discussed there?

17 A. No, it would not surprise me.

18 Q. Were you informed of that --

19 A. I was.

20 Q. -- about that time? I'm sorry. I
21 interrupted.

22 A. I was informed.

23 Q. And did you or your organization make effort
24 to inform the consumers of the anticipated changes?

25 A. Our organization does not have contact, direct

1 contact, with your customers. You do.

2 Q. Are you -- and you're aware, you're here at
3 this meeting, so you're aware that we filed the
4 application on March 11th, six days later?

5 A. Yes, I am.

6 Q. That's a public document, is it not?

7 A. Yes, it is.

8 Q. Publicly noticed?

9 A. Yes, it is.

10 Q. You're also aware, in fact I believe you
11 referenced it in your testimony, a widely publicized
12 news report; correct?

13 A. Yes.

14 Q. Was this program discussed in that news
15 report?

16 A. I must say that I did not watch the news
17 report, I tend not to watch local news. I saw it on
18 the Internet, I read about it on the Internet report
19 afterwards and I found many things that were misleading
20 I believe in that report.

21 Q. Did you see anything or read anything in that
22 report that suggested that the rebate amount offered by
23 Questar Gas would be proposed to be going down?

24 A. Yes.

25 Q. And you also noted that we have got a number

1 of people here today, more than you have seen,
2 certainly more than I have seen.

3 A. Yes.

4 Q. Is it reasonable to believe that these people
5 also have notice of these proposed changes?

6 A. I don't know who these people are. I believe
7 we will find out.

8 UNIDENTIFIED PERSON IN COURT ROOM: I'll tell
9 you who we are.

10 THE COURT: Ladies and gentlemen in the
11 crowd, I know a lot of people have strong feelings and
12 emotions, but I don't want people yelling out and
13 calling out like it's been happening in the past few
14 minutes. So everybody who wants to make a comment will
15 have a chance to make a comment, you will be able to
16 say what you want to say, we'll give you plenty of
17 time, but I don't want any screaming or yelling out
18 from the crowd, please.

19 MS. BECK: I don't believe our crowd is
20 representative of the public. I don't know who they
21 are, but I believe they are representative of an
22 industry.

23

24 BY MS. BYDE:

25 Q. And then I also wanted to clarify, and perhaps

1 I misheard you, I want to make sure I understand what
2 you testified too. You indicated you have gotten a
3 number of fliers indicating that, fliers generated not
4 by your office; is that correct?

5 A. That's correct. I'm saying that our office
6 has discussed the fliers that we received in our
7 neighborhood.

8 Q. Yes, I just -- I'm sorry. Let me rephrase my
9 question.

10 I'm curious about the context of those
11 fliers, did you testify that those fliers contained
12 statements that you would no longer be able to get
13 insulation for free, or something like that?

14 A. So some of them did contain that, statements
15 to that effect, yes.

16 Q. Okay. So there has been, would you agree,
17 there has been quite a bit of public activity related
18 to this issue; would you agree with that?

19 MR. PROCTOR: Objection. The reference to
20 "quite a bit" has no foundation in the prior question.

21 MS. BYDE: I will withdraw.

22 May I rephrase it?

23 THE COURT: Yes.

24

25

1 BY MS. BYDE:

2 Q. Would you agree there has been some publicity
3 related to these proposed changes?

4 MR. PROCTOR: Objection. There is no
5 definition of what 'publicity' is. We're talking about
6 fliers left on doorsteps.

7 MS. BYDE: I will withdraw the question.

8 THE COURT: Okay.

9 Any other questions, Ms. Byde?

10 MS. BYDE: I do.

11

12 BY MS. BYDE:

13 Q. With respect to some of the other comments
14 that were made, in particular the comment that
15 customers cannot get insulation for the 35 cent rebate
16 that's offered by Questar. Did you make that
17 statement?

18 A. I don't believe I did.

19 Q. Okay. Then I misunderstood.

20 Did someone else make that statement? I
21 thought I heard you say it or reference it.

22 A. I don't know if anyone else said it, I don't
23 believe I said that.

24 Q. Do you have a reason to believe that that
25 would be a true statement?

1 A. I will need you to rephrase.

2 Q. Do you have any reason to believe -- let me
3 rephrase that.

4 Would it surprise you to know -- do you have
5 reason to disbelieve that one would get insulation for
6 35 cents a square foot?

7 A. The anecdotal evidence that I have received
8 suggests that it's very rare but has occurred.

9 MS. BYDE: May I have just a moment?

10 THE COURT: Sure.

11 MS. BYDE: I just have a couple more
12 questions.

13

14 BY MS. BYDE:

15 Q. You did make reference to the fact that
16 Questar had not included those stuffers or put
17 information on the website about this proposed change;
18 correct?

19 A. Correct.

20 Q. Did the Committee of Consumer Services include
21 anything like this on their website?

22 A. We do not have a website that's accessed by
23 the public.

24 Q. You don't have one?

25 A. We have a very minimal website.

1 Q. Would you accept that Questar would advertise
2 changes to a Commission approved program without first
3 receiving permission to do so, to change the program?

4 A. I have no expectation about that. My only
5 point was what needs to be done in order to protect
6 consumer interests.

7 MS. BYDE: I have no further questions.

8 THE COURT: Thank you.

9 Ms. Wright?

10 MS. WRIGHT: No questions.

11 THE COURT: Ms. Schmid?

12 MS. SCHMID: No questions.

13 THE COURT: All right.

14 You can redirect, Mr. Proctor.

15 MR. PROCTOR: Thank you.

16

17 BY MR. PROCTOR:

18 Q. Ms. Beck, what is the current tariff rate for
19 the payment of insulation?

20 A. My understanding for attic insulation is that
21 there is a 35 cent rebate per square foot.

22 Q. Now what type of information would you want
23 the Commission and the Company to issue in the event
24 that that rebate amount is changed?

25 A. I believe we need, that the Commission should

1 order and to some extent provide through it's own
2 website and order that the Company do the same, provide
3 specific information about changes in tariffs and
4 official information about the program. I do not think
5 that news media or contractors should be consumers'
6 only source of information, with all due respect to
7 those organizations.

8 MR. PROCTOR: I have nothing further.

9 THE COURT: Any other questions? No. Okay.

10 Ms. Wright, then. Do you have anyone that
11 you would like to have testify, or would you like to
12 testify?

13 MS. WRIGHT; yes, I would, Your Honor.

14

15 (Whereupon, Ms. Wright was first duly sworn,
16 and testified as follows).

17

18 MS. WRIGHT: First let me offer some
19 background about our organization. Utah Clean Energy
20 is nonprofit public interest group, and we work with
21 diverse partners to advance energy efficiency and
22 renewable energy in the state, and we have been
23 involved in a number of dockets.

24 We are very interested in advancing energy
25 efficiency and we are very interested in helping Utah

1 meet the governor's energy efficiency goal, which is a
2 20 percent improvement in energy efficiency by 2015.
3 And we are extremely pleased when we look at the
4 ThermWise attic, floor and wall insulation rebate by
5 month, this chart (indicating), the type, the levels
6 that are occurring at the levels we would like to see.
7 These are the levels we need. Furthermore I would like
8 to reiterate that these programs are cost-effective in
9 its current form. But we also agree and acknowledge
10 that there may be some problems with the current
11 program with respect to some of the marketing that has
12 been done by some contractors with respect to some
13 oversight and control with the rapid increase in the
14 program and Questar not having the administrative funds
15 to properly provide oversight to the program with
16 respect to proper customer education such that
17 customers know, have information on what they can
18 expect different levels of insulation to cost, would
19 cost, so that they would know if they were going to get
20 both rebates that they could actually maybe install up
21 to R38 insulation instead of stopping at R19.

22 That, we understand that Questar's program is
23 Questar's program, but one of the things that has been
24 advocated for in many of the DSM advisory groups both
25 on the Questar side and on the Rocky Mountain Power

1 side is the coordination between these two programs.
2 Because there is overlap, even though one is electrical
3 utility and one is natural gas, the programs do
4 overlap, and we have been advocating for, and many in
5 the DSM advisory program have been advocating or
6 working together on certain programs where there is
7 overlap. So we understand and we are supportive of the
8 concept to tighten and improve quality control of the
9 insulation rebate program. But we think that the
10 proposed changes are dramatic, a dramatic increase, or
11 decrease in rebates.

12 We also have experience, and I'm going to
13 bring up Rocky Mountain Power and you can tell me if
14 that's all right. When we work with Rocky Mountain
15 Power on their program changes they send a proposed
16 draft to the DSM advisory group, the DSM advisory group
17 reviews this draft, provides comments to the utility.
18 The utility then takes those changes under advisement
19 and then files their formal tariff. So I have to
20 admit, we are an organization -- I didn't even know
21 about today's hearing until today at 9:30, and we did
22 have a staff member at the DSM advisory group where
23 this was, where this concept was presented, and he did
24 not leave that meeting thinking that these changes were
25 going to proceed as fast as they have proceeded. So

1 there is a disconnect for even those who are involved
2 in the issues on a regular basis.

3 We would say that with respect, we think that
4 the change is not only dramatic, but there wasn't a lot
5 of analysis that supported why we are going, you know,
6 usually when we get a tariff from Rocky Mountain Power
7 they will explain why they're going and look at the
8 different levels and what's happening, give some
9 reasoning behind why they're going to a different
10 incentive level. We would also say that I heard in the
11 DSM advisory group that they thought they should look
12 at some other creative, solutions. Did they consider
13 coordination between the Rocky Mountain Power program
14 and the Questar program? Did they consider
15 jurisdictions that are not covered by the Rocky
16 Mountain Power program and how that will impact
17 insulation bubble levels in jurisdictions like Logan
18 City, Murray City that are not eligible for the other
19 incentive? Did they consider a tiered incentive level
20 for R19 and a certain level that they would pay for R19
21 insulation, a greater level for R38 insulation? Were
22 these things considered in the changes and was there
23 enough time for stakeholders to provide public comment?

24 The other thing that I have not seen is any
25 evidence on why we should be decreasing the attic and

1 wall -- I mean, not the attic. Excuse me. The wall
2 and floor insulation levels. These are still a very
3 tiny fraction of the total insulation, they are areas
4 that are very hard to get to and not easy to advance.
5 I haven't seen any evidence on why we should be
6 lowering those levels.

7 You know, furthermore we agree that the, with
8 the Committee of Consumer Services, that the time line
9 is too quick, and we would fully support the increase,
10 funding increase, that Questar is requesting to cover
11 these programs both on the administrative level and on
12 the incentive level.

13 And that concludes my comments.

14 Thank you.

15 THE COURT: Thank you, Ms. Wright.

16 Ms. Byde?

17 MS. BYDE: Just one moment.

18 THE COURT: Sure.

19 MS. BYDE: I don't have any questions.

20 THE COURT: Thank you.

21 Ms. Schmid?

22 MS. SCHMID: No questions.

23 THE COURT: Mr. Proctor?

24 MR. PROCTOR: Nothing.

25 THE COURT: Okay. Then that -- would the

1 Company like to present anything more?

2 MS. BYDE: I'm not sure procedurally of the
3 appropriate manner of proceeding, but some of the
4 witnesses have raised a number of questions that
5 Mr. Dent is prepared to speak to, but they were not
6 part of his summary. Could we call him as a rebuttal
7 witness?

8 THE COURT: Sure.

9 Any objection to that?

10 MS. SCHMID: No objection.

11 MS. WRIGHT: No objection.

12 MR. PROCTOR: Nothing.

13 THE COURT: Go ahead.

14

15 FURTHER EXAMINATION

16

17 BY MS. BYDE:

18 Q. Mr. Dent, you're still under oath.

19 A. Okay.

20 Q. Mr. Dent, there has been some discussion about
21 the level of rebate and the fact that the rebate level
22 proposed seems arbitrary to some people in the room. I
23 want ask you a few questions in that vein. Has Questar
24 received any indication and do you have any direct
25 personal knowledge of insulation being installed for 35

1 cents, the current Questar rebate?

2 A. Yes. On a very regular basis we see invoices
3 come through for contractors that are providing
4 insulation, attic insulation services, for 35 cents per
5 square foot. We also see advertisements, whether they
6 be bill inserts -- or, not bill inserts, fliers or
7 printed mailings, that indicate that the contractor is
8 willing to do blown-in attic insulation for 35 cents a
9 square foot. In fact, we have some contractors, not
10 all, but some contractors that target specifically
11 customers that Rocky Mountain Power does not serve and
12 they are offering, quote, free insulation.

13 Q. In considering -- well, let me just ask it
14 this way. How did Questar reach the 20 cent rebate
15 level?

16 A. We reached the 20 cent per square foot rebate
17 level, or the drop in 15 cents per square foot for our
18 insulation measures, through a combined team effort of
19 our implementation contractors, P.E.C.I. and Nexant
20 along with Questar Gas staff. We looked at any
21 information that we had in the market including the
22 invoices that were coming in talking with wholesalers
23 and suppliers of insulation, and we gauged that with
24 the savings level that we were getting as well as what
25 percent of the incremental costs we were paying. In

1 all of our programs we target, as I said before,
2 between 30 and 70 percent of the incremental customer
3 cost to get them incented to do that measure. In our
4 attic insulation, for example, we are up at that 70
5 percent per incremental customer cost at an estimated
6 customer cost of 50 cents per square foot. So if we
7 reduce it down to 20 cents per square foot like we
8 proposed, we are still in that range, we are paying 40
9 percent of the cost to have a customer blowing in their
10 attic insulation. If Rocky Mountain Power stayed at
11 their level, then that amount would be well above still
12 the incremental customers cost. So we gauged all of
13 those variables to determine what the rebate amount
14 should be with the primary two drivers, again, the
15 customer needs to be invested, they need to actually
16 pay some money to get insulation put into their home,
17 and that the program is consistent with its original
18 design and intent that was approved by the Public
19 Service Commission.

20 Q. You talked a little bit and you alluded to the
21 original design and intent of the program and you have
22 indicated that the design and intent of the program is
23 that the homeowner would receive a portion of the costs
24 and would bear some of the costs themselves. Could you
25 tell me why that's important to your program design.

1 A. Well, we see on a very regular basis through
2 customers calling us, through some of our phone surveys
3 and on-site inspections, that the customers are
4 completely unaware of this rebate program. And in a
5 lot of cases they don't even have an idea that the
6 rebate is actually coming from the utility, they
7 believe it's a government sponsored rebate, or maybe in
8 some cases a contractors is providing it for them. And
9 when it's free or when there is no cost to the
10 customer, the analogy I used in a lot of cases is this
11 customer just opens up their door, they let the
12 contractor come in and do whatever they want to do,
13 they don't do any due diligence with that contractor,
14 they don't look to see if they're licensed, if they're
15 insured, they don't look to see what was the quality of
16 work that was performed in their home because they have
17 no financial stake in the project, it's just free to
18 them, they just sign a form and, boom, the contractor
19 comes in and they're gone. And that significantly
20 affects the integrity of the program. And long-term
21 that will mean the end of the program, potentially, if
22 we are not getting the savings that we anticipated,
23 because customers are not engaged in the process.

24 Q. I want to talk for a moment about the
25 advisory group, the DSM advisory group. Several

1 witnesses have referenced the advisory group, and
2 Ms. Wright in particular suggested, pointed out that at
3 the last meeting there was discussion about other
4 changes. Does Questar anticipate revisiting or
5 evaluating these programs further?

6 A. Absolutely. This is the first step in a
7 potential complete redesign of our insulation rebates
8 program. We felt like we needed to make a more
9 immediate change to our program to curve some of
10 activities that are going on in the market and to get
11 customers re-engaged. Down the road I don't know what
12 the program redesign will look like, we will continue
13 to seek input from the contractors, from other
14 stakeholders, from customers themselves, as well as our
15 DSM advisory group and our implementation contractors
16 to determine the best practices and the best method to
17 go forward with an insulation rebates program.

18 In addition to that I would also like to
19 comment on the DSM advisory group. The Commission
20 staff was represented at that meeting and they were
21 very concerned at the significant increase in dollar
22 amounts that were going out of this program and the
23 rift that was associated with that given that it was a
24 pilot program and we have not had an opportunity to do
25 a complete program evaluation to determine the

1 effectiveness of the program beyond our
2 cost-effectiveness model. And it was the Commission
3 staff that encouraged us to take action and quickly.

4 MR. PROCTOR: Mr. Arredondo, I hate to
5 interrupt somebody in the middle of their questioning.
6 That's why I waited. But we just heard testimony from
7 a witness about intent and position taken by Commission
8 staff at a task force, and that evidence was provided
9 to persuade you so that you would recommend a
10 particular result of the Commission. I believe it was
11 inappropriate to even have even brought it up. I'm
12 sure it was oversight on Counsel and Witness' part. I
13 believe that any reference to Commission's staff's
14 position, which is the Commission, ought to be stricken
15 from this record.

16 THE COURT: Do you want to respond, Ms. Byde?

17 MS. BYDE: I would just like to say that I
18 don't object to that. It was inadvertent. We
19 apologize.

20 THE COURT: Okay. Then we will strike that
21 reference and any opinions.

22

23 BY MS. BYDE:

24 Q. Let me ask you this question, Mr. Dent. With
25 respect to, there has been testimony and evidence

1 received today relating to how the costs of this
2 program have increased. Do you have a rough projection
3 of what the program would cost during the next 30 to 60
4 days which has been suggested as a reasonable extension
5 of time?

6 A. Well, given our most recent 30 days, or
7 roughly 30 days period which was February 2009, we had
8 almost two point five million dollars in insulation
9 rebates go through the program. So using that as a
10 base, every 30 days we are going to spend at least
11 somewhere between two to two point five million dollars
12 at current rebate amounts.

13 Q. Mr. Dent, have you overseen this program since
14 it's inception?

15 A. Yes.

16 Q. And you have been involved on a day to day
17 basis during that time?

18 A. That's correct.

19 Q. You personally observed and participated in
20 discussions and the administration of the program
21 during this period of time when the applications
22 increased significantly?

23 A. Yes.

24 Q. Do you have any reason to believe based on
25 your experience with this program that reducing the

1 rebate amount will cause applications to drop off?

2 A. I actually believe that participation levels
3 will decline from where we are at currently, but I
4 don't believe that they will decline to such a point
5 where we are, that we anticipated in the 2009 budget.
6 In our filing we projected that attic insulation would
7 be 25,000 participants, year-end. With the proposed
8 changes, in the original budget we estimated, I
9 believe, 7 to 7,700 customers participants. So with
10 this change we still believe we are going to be well
11 beyond our original projection.

12 MS. BYDE: I don't have any further questions
13 for Mr. Dent.

14 THE COURT: Ms. Schmid?

15 MS. SCHMID: No questions.

16 THE COURT: Thank you.

17 Mr. Proctor?

18 MR. PROCTOR: Yes, thank you.

19

20 BY MR. PROCTOR.

21 Q. Mr. Dent, am I correct that you testified that
22 at the 20 cents per square foot level Questar Gas would
23 be paying or reimbursing 40 percent of the cost, the
24 total cost?

25 A. 40 percent of the total cost at a 50 cents per

1 square foot for attic insulation, which is what we have
2 in our DSM cost-effectiveness model.

3 Q. At a 50 cent per square foot cost from the
4 contractor?

5 A. That's right, average customer cost is what we
6 used in our DSM cost-effectiveness model.

7 Q. And when you say "customer" you mean the gas
8 customer or the contractors? The person who asks to be
9 installed.

10 A. Participating customers.

11 Q. Okay. So for a 1,000 square foot insulation
12 attic, into an attic, it would be \$500?

13 A. That's correct.

14 Q. Of which the Company would be paying \$200?

15 A. I guess. I didn't do the math in my head. I
16 trust you're math.

17 Q. Well, I don't trust my math, sir.

18 You then said, If Rocky Mountain Power stayed
19 at their current level. That was your testimony. What
20 is Rocky Mountain Power's current level? And you
21 raised this issue, Mr. Dent.

22 A. Their current level is 35 cents per square
23 foot.

24 Q. Same as Questar's current level?

25 A. That's correct.

1 Q. And with Rocky Mountain Power staying at 35
2 cents and Questar reducing it to 20 cents, it's your
3 testimony that Questar, that the total rebate would
4 then exceed what amount? Would it exceed the average
5 amount? Would it exceed that amount that is necessary
6 for a cost-effective program?

7 A. I believe it would exceed an amount in two
8 areas. One, is the projected customer cost that we
9 have in our cost-effectiveness model which is 50 cents
10 per square foot, and I believe it would exceed the
11 market price that's being offered by many contractors.

12 Q. So it would remain at least from the
13 consumers' standpoint a no-cost insulation?

14 A. That's correct.

15 I would just like to point out that I have no
16 control over Rocky Mountain Power's incentives, though.
17 I have control over Questar Gas' incentives.

18 Q. Was Questar Gas aware that Rocky Mountain
19 Power was also considering asking to reduce its rebate
20 amount?

21 A. Yes, we were aware.

22 Q. When did you first become aware of that?

23 A. That they were considering it?

24 Q. Yes.

25 A. On February 18th at our insulation contractor

1 meeting.

2 Q. Now you stated also that Questar had
3 calculated a 20 cent per square foot rebate amount
4 based upon your consultants' advice, also discussing
5 cost with wholesalers, suppliers of insulation and, I
6 believe you said implementation contractors.

7 Who are the implementation contractors?

8 A. Well, those are the consultants that you
9 referred to, the P.E.C.I. and the Nexant contractors.

10 Q. Were you a part of that team that evaluated
11 what the cost should be?

12 A. Yes.

13 Q. So you're aware then of the wholesale cost of
14 insulation materials?

15 A. I talked to a couple of suppliers directly.

16 Q. What is the square foot cost of R15 insulation
17 wholesale?

18 A. I was told that for material cost it was
19 between 20 and 25 cents per square foot.

20 Q. That's the wholesale level, that would be --

21 A. That's the price to the contractor.

22 Q. Without the overhead and labor to install;
23 correct?

24 A. That's my assumption, yes.

25 Q. Do you know what the overhead and cost to

1 install is?

2 A. No.

3 Q. Do you believe that it would be close to 10
4 cents?

5 A. I have no idea.

6 Q. Now you stated that you are aware on a regular
7 basis of 35 cents insulation; is that correct?

8 A. That's correct.

9 Q. Give me some idea of the number of those
10 rebate requests that are only Questar Gas, so in other
11 words that the total cost is 35 cents in relationship
12 to the total number of attic rebate requests that you
13 get.

14 A. I don't have that number with me but if I were
15 to make a guess today it's in the thousands, and it
16 would be in the double digits percentage-wise.

17 Q. Well, you used the term "regular." How do you
18 define regular, more than 50 percent?

19 A. On a weekly basis I'm seeing these
20 advertisements and seeing invoices come through that
21 way.

22 Q. Let's talk about just the invoices. So if you
23 received one in a week, that would be regular, because
24 you're doing it on the basis of the time not the
25 number?

1 A. Yes, I guess that could be regular. I haven't
2 counted them, I'm too busy dealing with insulation
3 contractors.

4 MR. PROCTOR: No further questions.

5 THE COURT: Thank you, Mr. Proctor.

6 Ms. Wright, any question?

7 MS. WRIGHT: No questions.

8 THE COURT: Okay.

9 Any follow-up, Ms. Byde?

10 MS. BYDE: No.

11 THE COURT: Okay. Thank you.

12 Then with that, how many public witnesses do
13 we have signed up?

14 CHERYL MURRAY: 13.

15 THE COURT: 13. Okay. Let's take a quick
16 five minute break and then we will come back right in
17 and we will start with the first public witness.

18

19 (Whereupon a recess was taken.)

20

21 THE COURT: Let's get ready to start again.

22 Before we start, let me say first of all that
23 the Commission can appreciate, we have seen a lot of
24 e-mails come through, we have seen a lot letters come
25 through, and we can definitely appreciate a lot of the

1 concern that public witnesses have. And I can
2 definitely understand that there is a lot of emotions
3 behind the opinions that you give, your opinions,
4 things like that. However I want to remind you that we
5 need to keep these proceedings civil and professional.
6 So I'm going to ask that in your comments you be as
7 professional as possible. Actually, you need to be
8 professional, so, I think we are all adult who
9 understand what that means.

10 Also, we are going to go 1:30, however now I
11 have 20 people on this list, so I'm going to ask that
12 you keep your comments as brief as possible. If
13 somebody has said something maybe you were going to
14 say, I encourage you to keep your comments short or
15 say, Somebody already said it, I'm going to pass.
16 Also, just, again, just avoid repetition. If you're
17 not able or you think you want to think about
18 testifying today, we will have public comment again
19 from 4:30 to 5:30 if you would like to come back then
20 as well.

21 Because the notice says that we're going to
22 1:30, what I would like to do, I know I have this list
23 here and you all signed up first, we want to try to
24 time it with peoples' lunch hour, so if there's
25 somebody here on this list that's signed up that's

1 maybe on their lunch hour and maybe needs to get back
2 to work, would you raise your hand and we will call you
3 up first, if anybody needs to get out quickly. (No
4 response.)

5 Okay. I'm going to try to read your writing,
6 but if I mispronounce your name forgive me. As you
7 come up here, you're going to come right up to this
8 seat, and you will give us your name and your address.
9 You can give us a business address; that's fine. You
10 can testify under two ways: One way, you can just give
11 general comments about how feel about what's going here
12 today, and you don't have to make that under oath. But
13 just keep in mind that the Commission won't be able to
14 take your comment under advisement or consider them as
15 they make their decision. Or you can make your
16 comments under oath. But just understand that counsel
17 for the Company and also for the Division and the
18 Committee can cross-examine you and you will be open to
19 their questioning. Again, it's pretty laid-back. We
20 understand a lot of people might be nervous, but we
21 hope you feel comfortable enough to give us your honest
22 input and feedback that you want to give us. So with
23 that let's begin with Mr. Don Webster. Is he here?

24 MR. WEBSTER: Yes.

25 THE COURT: Mr. Webster, come right up here,

1 please.

2 Would you like to be put under oath?

3 MR. WEBSTER: Yes.

4 THE COURT: Okay. Please raise your right
5 hand.

6

7 (Whereupon, Mr. Webster was first duly sworn,
8 and testified as follows.)

9

10 THE COURT: If you would state your address,
11 please.

12 MR. WEBSTER: 201 Bronco, Pahrump, Nevada.

13 First of all, I want to prove the lack of
14 integrity in the way they're running their program.
15 Here is a paper (indicating) that shows I filed a
16 complaint after they owed me \$300,000. They answered
17 the complaint that they only had nine jobs from that
18 period, then a month later they sent me a thing that
19 they had 69 jobs from that period; that being the month
20 of November. Then we never received a rebate and never
21 received a rebate and never received a rebate --

22 MS. SCHMID: Pardon me.

23 MR. WEBSTER: -- so I filed a complaint with
24 the public utilities commission. And filed a --

25 MS. SCHMID: I believe that there is an open

1 docket on this, it sounds like there this is a
2 complaint filed and I don't know to what extent you
3 want to --

4 MR. WEBSTER: Well, I'm telling you what all
5 of these people (indicating) have had happen also.

6 THE COURT: Mr. Webster, do you have an open
7 docket with the Division? Do you have a formal
8 complaint filed with the Division?

9 MR. WEBSTER: Yes. But they never gave me an
10 open date.

11 THE COURT: Okay. What you can do is you can
12 request a hearing, you can definitely request a
13 hearing.

14 MR. WEBSTER: I already have. Nothing
15 happened.

16 THE COURT: It will come up, it will come up.

17 But we want to limit it to this DSM
18 application, basically the rebate reductions, the
19 budgeting; things like that.

20 MR. WEBSTER: So I didn't get a dime from
21 November, December. \$300,000. Then I had to have my
22 lawyer call them in January. Two days later the first
23 rebate check came in. Holy cow. Now that's no way to
24 run a business when you say you will pay within six to
25 eight weeks and you take 16 weeks.

1 The continuation of this is this has happened
2 to most of those people out there. And I think that
3 Questar is in the money holding business, because right
4 now every million that they can hold on to is 40
5 thousand dollars in CDs.

6 Now, secondarily, I feel that the 35 cents
7 rebate should continue, because they have said it's
8 cost-effective. I understand they're supposed to give
9 away 28 million dollars which is part of an exchange a
10 couple of years ago for their 400 million dollars -- 28
11 million in exchange for their 4,400 million
12 dollars{sic} increase they got. And by God they should
13 just put the money in the bank and when the 28 million
14 is gone the program is over.

15 THE COURT: Okay.

16 Any questions for Mr. Webster?

17 MS. BYDE: I have no questions.

18 MS. SCHMID: No questions.

19 MR. WEBSTER: Now to continue.

20 THE COURT: Oh.

21 MR. WEBSTER: On January -- December 27th, we
22 get a notice that they will no longer accept
23 assignments, assignments meaning that you have the
24 customer sign and the utility mails the bill to you.
25 When this happened we had two days notice and 100 jobs.

1 So that cost us a lot of integrity and it cost our
2 salesmen about 10 to \$12,000 in total commission. Now
3 they're trying to do that all over again, and everybody
4 in this room has jobs sold that they want to get done.
5 The right thing to do is to go about 90 days, not no 30
6 days, go about 90 days, the same as it is, and they
7 already have the money told them to spend.

8 Now, the next thing after that is, by golly,
9 if you're spending two and a half million a month and
10 that all applies towards the 28 million they're
11 supposed to be spending, I don't see where the problem
12 is. They wanted an increase and they lowered it by \$12
13 when the fuel went down, by my math, approximately \$25
14 that they should have been lowering people's gas rates.
15 The money is there.

16 Now, there is a secondary thing. In the
17 newspaper Sunday, the president of Questar for his
18 performance got a one-time two million dollars bonus.
19 Here's the newspaper article (indicating). A total of
20 five point seven million dollars in pay. Why isn't he
21 here today? Not important enough to him, hu?

22 Anyway, that's my basic comments. And I
23 think all these insulators out here, if you lowered to
24 20 percent to 20 cents, I think the dollar volume will
25 drop to 15 percent of the people putting in things.

1 Now, if you continue the program as it is I
2 feel they're entitled to it, the people that test the
3 material and that check the jobs and things like that.
4 But if you don't, if you lower it to 20 cents you don't
5 need to hire anybody because the people that are
6 handling the program now will be sitting on their
7 backsides, there won't be any business.

8 And another thing. No one ever comes out to
9 anybody's office, meeting the contractors, make sure
10 they have vacuum cleaners in their trucks to clean any
11 messes, put visquene down, put matts on the crawl hole
12 covers. Nobody has ever checked the flame spread that
13 has to be 25 for adequate cellulous not to burn. That
14 all should be done. You have got guys doing this
15 project, they're selling three jobs and going and
16 renting a machine at Home Depot, no license, no
17 insurance, no nothing. Now they need to clean up their
18 act too.

19 So that's pretty much what I wanted to talk
20 about.

21 THE COURT: Thank you, Mr. Webster.

22 Any questions? Ms. Wright? Mr. Proctor?

23 Ms. Byde? No questions?

24 Thank you, Mr. Webster.

25 Mr. Orgill, David Orgill.

1 Mr. Orgill, would you like to give your
2 comments under oath?

3 MR. ORGILL: Under oath is fine.

4 THE COURT: Please raise your right hand for
5 me.

6

7 (Whereupon, Mr. Orgill was first duly sworn,
8 and testified as follows.)

9

10 THE COURT: Please state your name and
11 address, for the record.

12 MR. ORGILL: My name is David Orgill, 35 East
13 400 South, Springville, Utah.

14 I represent Sunroc Corporation. We are one
15 of the larger insulators on this program. In fact, in
16 the last couple of years we put in about 9000 jobs with
17 the Questar/Rocky Mountain Power program of the
18 estimated 25 thousand jobs that have been done. When
19 we got involved in the program Sunroc is a new
20 construction insulator, probably responsible for a
21 large percentage of the new construction markets, so we
22 were here before this program came about and we plan to
23 be here after.

24 We have seen a lot of changes in the industry
25 since we got involved in this. It's been very positive

1 we believe for our community. We commend Questar and
2 Rocky Mountain Power and the Public Service Commission
3 and all the other entities that have supported energy
4 conservation throughout our state and we feel an honor
5 to be a part of it. My Dad always told me when I was
6 young, don't look a gift horse in the mouth. I'm not
7 here as a contractor saying that this program hasn't
8 substantially benefitted our business and trying to get
9 you to continue to promote our industry. We just want
10 to be a significant player in the business to help this
11 thing go smoothly and maintain some integrity for our
12 colleagues here and other people, our customers.

13 A couple of things that I thought I would
14 like to clarify in regard to a lot of the comments that
15 have been made today, is we do represent pretty much
16 across the entire state from St. George to Logan now
17 that we have ramped up to support this program. Back
18 when we were looking at obtaining more resources and
19 providing support for this, we made numerous inquiries
20 with both Rocky Mountain Power and Questar and their
21 staff as to what their plans were for the program.
22 Based on their comments of this thing, most likely, I
23 wouldn't say they guaranteed it, but most likely it
24 would not be reevaluated until spring of 2010. We
25 purchased several trucks, hundreds of thousands of

1 dollars worth of equipment, hired numerous people, have
2 built a substantial business that is somewhat focused
3 around the rebate incentive in our community, and we
4 have had a great response from it.

5 A couple comments that I would like to make.
6 We have never installed an attic insulation job at 35
7 cents a foot unless it was for an employee of our
8 company. The rates that Dan has suggested in the 50
9 percent are the range that we have been installing.
10 And we have installed about a third of the jobs on the
11 program. I don't think there could be a huge
12 significant number of contractors that are operating in
13 that range, is my comment there.

14 The other thing I would like to say, only
15 about one third of our customers actually qualify for
16 both rebates, so about 70 percent of people we do
17 business with are only depending upon the Questar
18 rebate. I would like to suggest to Questar that as
19 they consider the complete revamp of their program they
20 would consider a graduated rebate. About 20 percent of
21 our customers have very little insulation, maybe under
22 an R10, okay, so if you put in the minimum amount that
23 Questar is suggesting on this 20 cents rebate they
24 wouldn't even get even close to the code which is R38.
25 And the Department of Energy is recommending R49, so we

1 have been trying to get our customers into the R49
2 range, and instead of when they do qualify for both
3 rebates we have encouraged the customer to upgrade
4 their insulation, not put money in their pocket. And
5 most of the jobs that we have done when they qualify
6 for both rebates are R30 or even into the R38 range to
7 get people into those higher levels of insulation. I
8 think that reputable contractors understand that, and
9 most customers instead of getting money back would
10 prefer the additional insulation which would support
11 some of the other bodies that are interested in energy
12 conservation for our entire state, which is good for
13 our entire community. So I hope Questar would consider
14 that as they're going forward and revamping their
15 program. I'm sure they will do that another time.

16 One last thing I would just like to say, it
17 appears to be inevitable, Sunroc is not really, I guess
18 you could say, anticipating that these changes are not
19 going to be made. I think they have made up their mind
20 and they know how much money Questar would like to
21 spend on the program. We respect that. But, I do
22 think the comments made by the Consumer Services people
23 here are correct. There is a great hardship on
24 contractors who ramped up their business, purchased
25 equipment. We have recently printed over 100,000

1 documents, a lot of which are the rebate applications
2 for Questar and Rocky Mountain Power so we can supply
3 and get easy access to our customers to get their
4 rebates. And all of that material is going to be
5 obsolete as of Tuesday, and we are going to be sitting
6 on thousands of dollars worth of product in marketing
7 and applications and a lot of other stuff that's
8 absolutely obsolete because of the very short and
9 unreasonable notice that this has given us your
10 partners in ramping up their business to support your
11 program.

12 I would just like to say that we would like
13 to recommend that, I do for one, put on the record,
14 though, that we feel that a reduction in the rebate
15 will not be harmful to our business, and contrary to
16 the previous testimony I think that especially with the
17 U.S. economic stimulus plan and the 30 percent tax
18 credit we think that there are significant incentives
19 for the customers even at these amounts. But we would
20 like to say that we need a couple of weeks to wrap up
21 the jobs. I have 20 salesmen out there right now today
22 signing a contract not knowing what to tell people.
23 It's a big flux. It would be very helpful if we could
24 tell them, you know, maybe May 15.

25 And Rocky Mountain Power is a big issue here.

1 They're getting ready to change there's too. It's
2 going to create a lot of confusion in this industry if
3 these dates are different. I think we ought to wait,
4 let Rocky Mountain Power make their presentation, put
5 you guys on the same page. We met with the contractors
6 on February 18th, we were told on that date that Rocky
7 Mountain Power was going to drop their rebate to 10
8 cents a square foot. So we have been be anticipating
9 that, we have had some good notices. I just was
10 informed about this less than a week ago that there was
11 an actual date, so that the April 1st date was even on
12 the map. We were really anticipating 60, 90 days. So
13 we haven't had a chance, in this room, people in this
14 room, to really ramp down and make preparations. So we
15 need a couple of weeks. Whatever date you do decide,
16 whether it's April 1st or May 15th, or 30 days out, we
17 need a couple of weeks to complete those jobs. Right
18 now our company has a backlog. By the time we get to
19 April 1st we will have 250 to 500 jobs that will have
20 been sold on a false premise, sold on a false premise,
21 because obviously it doesn't look like they're going to
22 make a decision by 5:00 o'clock today. So if we don't
23 hear anything until Monday or Tuesday what are we
24 supposed to tell people for the next three days? We
25 don't know what to tell them. Okay? So I think that's

1 unfair to your partners, the people that helped to make
2 this thing go and promote the product. So we are
3 suggesting, we are requesting a minimum of two weeks
4 notice to completed jobs, to complete job; that's how
5 long I think it would take to at least install the jobs
6 after the deadline occurs, and then however long you
7 want to give customers to submit their applications,
8 that's your business, but our customers can have their
9 applications submitted right away, because we give them
10 everything they need, they don't need 90 days, you
11 know, all they have got to be told is this thing ends
12 maybe two weeks to four weeks, maybe, and I'm sure all
13 of that will be cleaned up.

14 THE COURT: Thank you, Mr. Orgill.

15 Are there any questions for Mr. Orgill? No?

16 Thank you.

17 Actually, what I will do with the attorneys,
18 if you have a question for a public witness just let me
19 know.

20 Mr. Mark Scott.

21 Scott, would you like to give your comments
22 under oath.

23 MR. SCOTT: Yes.

24 THE COURT: Please raise your right hand for
25 me.

1 (Whereupon, Mr. Scott was first duly sworn,
2 and testified as follows.)

3

4 THE COURT: Please state your name and
5 address, for the record.

6 MR. SCOTT: Mark Scott, address is 9225
7 South, Redwood Road.

8 I appreciate the comments that have been made
9 today. I would like to start by stating that as a
10 consumer there has been some comments relating to
11 ownership and responsibility and how much is
12 contributed and how that applies to responsibility. I
13 would have to say as a consumer that I would not let
14 anyone come into my home and do any kind of an
15 improvement whether I paid nothing for it or whether I
16 pay \$1,000 for it without overseeing that and making
17 sure that it was done responsibly and professionally.

18 So I think that the fact that ownership seems
19 to be a big issue as to the rebate amount may be a
20 little bit unjustified.

21 Secondly, I would like to say also that I'm
22 somewhat curious in relationship to this program that
23 if the cost benefit's initial numbers seem to indicate
24 that the cost benefits are being met, what is the
25 negative aspect of greater participation by the

1 consumer? It seems to me like that is what we are
2 seeking is greater participation so that we can have
3 greater savings and a greater reduction in the
4 consumption of energy. So, I guess I would admit that
5 probably that the greatest thing to that might be
6 budgetary constraints, and if that's the only issue
7 then I think we should address those constraints.

8 I would like to say also that I do feel that
9 a reduction in the rebate amount is, to 20 cents, is
10 huge. That amounts to nearly a 45 percent reduction.
11 And I think in today's economic environment this is a
12 huge thing to the consumer. I believe that there will
13 be large numbers of consumers that will simply be
14 unable to participate in the program if the rebate
15 amount is reduced by nearly 45 percent. I would
16 recommend something perhaps in a five to seven cents
17 per square foot range. We do feel that that large of a
18 reduction would probably greatly influence our business
19 maybe even to the extent of 90 percent reduction in
20 that position of our business.

21 I would like to address the issue of time. I
22 would agree with Mr. Orgill, and state that many, many
23 insulation companies and contractors have invested
24 considerable time and resources to ramp up for this
25 program, and to make these types of changes on such

1 notice, such short notice. I think is unreasonable and
2 will create undue hardship on insulation companies and
3 contractors. And I think probably as far as time I
4 would recommend approximately a 60 day window to inform
5 consumers and to give companies and contractors an
6 opportunity to ramp down just as we have ramped up. It
7 would be a greatly appreciated and very helpful.

8 I would like to commend Questar Gas and the
9 Commission for developing and approving this ThermWise
10 program. I think it not only benefits the consumer by
11 reducing their energy bill, it also helps our world and
12 environment by reducing consumption of badly needed
13 resources.

14 And I would like to point out one other
15 thing, and this may be recognized or unanticipated or
16 anticipated. I think it's a great benefit that it has
17 had, this program provides jobs for people in an
18 economic environment and in an industry that has been
19 severely pummeled by the economy. And these jobs range
20 all the way from people in manufacturing situations to
21 warehouse employment. I think this is another great
22 benefit that this program has provided, one that maybe
23 has not been mentioned today, and maybe one that the
24 Commission may not be interested in or care about. But
25 I do think it's very beneficial and appreciate the

1 ability to make comments.

2 Thank you.

3 THE COURT: Thank you, Mr. Scott.

4 MS. BYDE: One question. I wasn't taking
5 notes as fast as I was listening.

6 Are you a contractor or a member of the
7 public?

8 MR. SCOTT: Both.

9 MS. BYDE: Both. Do you represent a company?
10 Or did you not say?

11 MR. SCOTT: I did not say, no.

12 THE COURT: Okay. Thank you, Mr. Scott.
13 Regen Richmond.

14 MR. RICHMOND: Actually, I just have a couple
15 of questions.

16 THE COURT: Uh-huh.

17 MR. RICHMOND: And these are actual
18 questions.

19 Just the first one, the question, to clarify.

20 THE COURT: Who do you want to ask the
21 questions to?

22 MR. RICHMOND: I would like to ask Mr. Dent
23 as well as the gentleman on the end. I didn't catch
24 your name, I apologize.

25 But so my question is, in Table 1{sic} you

1 stated for the portfolio number there it states three
2 point one. If I understood that right, there was kind
3 of contradictory information in my, from what I
4 understood, so I'm trying to get this clarified. Every
5 dollar returns three point one dollars. And then on
6 the other side I heard, yet, every customer of Questar
7 Gas is subsidizing the program.

8 I'm just trying to clarify those two
9 statements.

10 THE COURT: Do you want to ask Mr. Dent?

11 MR. RICHMOND: I would like a response from
12 both, from both sides.

13 THE COURT: You can ask Mr. Dent.

14 MR. DENT: If I understood your question
15 correctly, the three point one cost ratio on this table
16 does reflect that every dollar that is spent in the
17 program is returned at three point ten dollars.

18 MR. RICHMOND: To the customer or to the
19 Company, or?

20 MR. DENT: These are all customer programs,
21 so they are 100 percent customer funded and 100 percent
22 of the benefit goes back to the customer. The utility
23 makes nothing on this, we are the stewards of the
24 customer program.

25 MR. RICHMOND: So if we as customers spend

1 one dollar we receive three point one dollars in
2 savings, or three point one in what?

3 MR. DENT: Three point one dollars in
4 long-term savings.

5 MR. RICHMOND: Long-term savings.

6 MR. DENT: Okay.

7 MR. RICHMOND: So my second, my follow-up
8 question to that to clarify is, how does every, if
9 we're seeing savings, how is every customer subsidizing
10 the program?

11 MR. DENT: They're paying for the insulation
12 rebates.

13 MR. RICHMOND: Okay. Okay. My -- that still
14 doesn't make total sense to me.

15 THE COURT: Would you like testify? Would
16 you like to testify as to what your position is?

17 MR. RICHMOND: I don't have a position. It's
18 a true question.

19 MR. DENT: Well, I can -- the program budget
20 is roughly, for 2009, 18 million dollars. That money
21 comes from customers in their rates, from you and I as
22 a Questar customer. We charge that in rates, and then
23 we spend that money to provide these programs to
24 customers. So all customers are paying in to the
25 program whether they want to or not and they're

1 benefitting from the program whether they want to or
2 not. Because of the savings that are generated we
3 don't have to buy as much natural gas for customers.

4 MR. RICHMOND: So my understanding from that
5 statement would be, if we are spending 10 million
6 dollars and in realty we are saving 31 million dollars
7 over the long-haul, which means we are not subsidizing
8 the program; is that correct?

9 MR. DENT: That's correct. If you look at it
10 from a financial perspective, if you spend in this
11 program projection, if we spend 18 million dollars with
12 these proposed changes, so this is important it note --
13 let's take it in two steps.

14 MR. RICHMOND: Okay.

15 MR. DENT: The approved program, if we spend
16 18 million dollars over, if you take that out over
17 time, over 45 years at a certain discount rate that we
18 use in our model, the net present value of that cost
19 is, two -- whatever --

20 MR. RICHMOND: Two point four?

21 MR. DENT: Two point four. \$44,000.

22 MR. RICHMOND: And that, so that factors in
23 financing cost, that factors in everything; that is a
24 true profit cost?

25 MR. DENT: Yes. Okay. Here's the point,

1 though, is with these proposed changes that number goes
2 even higher. So instead of \$44,000 being returned to
3 customers it's probably going to be more like 60 or 70
4 million dollars, or whatever it is, to customers. I
5 don't have a calculator with me. So, the proposed
6 changes make it more cost-effective, more money is
7 being returned to the general customer for paying in to
8 this program. So the turn on investment is greater
9 with the changes we're proposing.

10 MR. RICHMOND: Okay. In either case, as I
11 understand it, in either case, the customer is
12 benefitting over the long-run, it will save us money in
13 rates on our gas?

14 MR. DENT: In both scenarios.

15 MR. RICHMOND: In both scenarios. Okay.
16 I'm truly not trying to be contradictory, so,
17 these are honest questions.

18 My second question and follow-up to that --

19 Well, let me back up a little bit.

20 It was stated from the other side that the
21 customers are subsidizing the program. Is that still
22 the stance?

23 MR. PROCTOR: Yes.

24 MR. RICHMOND: Even after the clarification?

25 MR. DENT: I think that the subsidy meant

1 customers paying in to the program. So, yes. So if
2 you're a nonparticipating customer, so, say, I didn't
3 participate in any of the ThermWise programs and I just
4 go about my daily life and I pay my gas bill, I'm a --

5 MR. RICHMOND: You're --

6 MR. DENT: I'm still paying in to the
7 program. So I'm paying my next-door neighbor to have
8 my insulation done, but I'm not benefitting directly
9 from that insulation because it's not in my home. So
10 in effect you could be subsidizing, I could be
11 subsidizing that payment, I still benefit from it from
12 lower gas costs.

13 MR. RICHMOND: Well, isn't it a fact your
14 neighbor's benefitting you?

15 MR. DENT: Absolutely; yes.

16 MR. RICHMOND: In fact, your neighbor is
17 benefitting you by having you save three point one
18 percent off your bills for the rest your life; is that
19 not a true statement?

20 MR. DENT: Participating customers, the
21 customers that participate are definitely benefitting,
22 under the current program design, all nonparticipating
23 customers.

24 MR. RICHMOND: Okay. So my follow-up
25 question, and in fact maybe this question is now

1 irrelevant. If this program is not indeed subsidized,
2 but my follow-up question was, so if everybody, every
3 customer is subsidizing this program to make it work,
4 but yet if in fact as of today we all know that if they
5 qualify for both rebates those customers probably
6 aren't paying anything, if it qualifies for one rebate
7 they are. In the current economy we are in, whether
8 you want to call it a depression or recession, most, a
9 lot of people in our world right now can't afford to
10 pay extra for insulation. If we are making it even
11 harder for those people to pay for it, aren't we, like,
12 penalizing the people who need it most? Because the
13 people who need it most are the ones who can't afford
14 to pay for it. Is it not in the public's best interest
15 to get insulation for everybody if everybody is paying
16 for it?

17 MR. DENT: I wouldn't agree with that. We
18 have no data to suggest that the people who need
19 insulation the most are the ones who have less
20 insulation in their home right now. You may very well
21 find a person who can't afford it who has R49 in their
22 attic right now, and they don't need additional
23 insulation.

24 MR. RICHMOND: Hypothetically, of course,
25 that is true; however, Rocky Mountain Power which, if

1 this is inadmissible then so be it, but the guidelines
2 as I understand it, Rocky Mountain Power will not allow
3 the rebate to be paid if the customer has more than R19
4 insulation. The people that have less than R19 are the
5 people who need --

6 UNIDENTIFIED PERSON IN COURT ROOM: R18 or
7 less.

8 MR. RICHMOND: 18 or less, which is --

9 THE COURT: Hold on. If you want to come up
10 and testify you may do so, but I'm hearing a lot of
11 voices, and I think it's hard for the court reporter.
12 So please refrain from making comments.

13 MR. RICHMOND: So if, in fact, the people who
14 have less, who have R19 or less, which is less than --
15 excuse me. R18 or less, if in fact those are the
16 people who need it the most but a large share of those
17 people can't afford to pay for it because they're only
18 getting one rebate, are we as the consumers who are
19 able to pay for it not benefiting and they're losing
20 out, and they're the people who need it the most?

21 MR. DENT: That's hypothetical just like my
22 example --

23 MR. RICHMOND: It's not hypothetical at all.
24 I can go to my office right now and get you 50
25 contracts with customers who have been in that

1 situation and we couldn't do their job because they
2 couldn't afford it, or they wouldn't be able to afford
3 it at the new price levels. So I think it's a valid
4 question.

5 MR. DENT: I answered the question.

6 MR. RICHMOND: Okay. Well, I appreciate
7 that.

8 So I guess those are kind of my feelings
9 on -- those are true questions that I think things that
10 need to be taken into consideration in determining
11 where we go with this.

12 I guess the last statement I would make is,
13 is there a reason that Rocky Mountain Power and Questar
14 Gas can't work together and create a tiered system
15 where if a customer is qualifying for both rebates
16 would get a certain amount, basically a tiered system
17 that would work for everybody and be fair with both
18 Questar and the Rocky Mountain and save both companies
19 money, is there a reason this can't be done by law, or
20 by anything else?

21 MR. DENT: I'm not aware of any.

22 MR. RICHMOND: Is that something that could
23 be considered? And why or why not, why would or why
24 not could that not be considered here rather than
25 jumping to a quick decision here?

1 MR. DENT: I have no idea why or why it
2 wouldn't be considered, other than we are two separate
3 companies, just like your business is separate from all
4 of these other insulation contractors, you don't
5 partner with them to provide your services, so.

6 MR. RICHMOND: Okay. But it's something,
7 it's something that there could be a feasible way of
8 doing that, hypothetically?

9 MR. DENT: Hypothetically, yes. I mean,
10 there's two separate entities though that provide
11 difference services. We do coordinate with each other
12 as much as we possibly can on our programs on customer
13 messaging.

14 MR. RICHMOND: Okay. I guess my last comment
15 would simply be, I really do believe that the people
16 who need this insulation the most, in other words the
17 people who are having the hardest time in this economy,
18 are probably the ones who are being screwed over, in
19 frankness, on this rate reduction.

20 That's all I have to say.

21 THE COURT: Okay. Thank you.

22 Mr. Nate Murray.

23 MS. BYDE: Judge, may we ask just a
24 procedural question?

25 THE COURT: Uh-huh.

1 MS. BYDE: Especially recognizing we have a
2 limited time, Mr. Dent is available to answer questions
3 informally, to discuss this when the public hearing is
4 over. But I wonder procedurally whether it would be
5 easier to take statements.

6 THE COURT: That's fine.

7 If you have questions for Mr. Dent, what we
8 will do, if you want to wait until the witnesses, the
9 public witnesses, you can ask him those questions.

10 MS. BYDE: We will stay all day if we need
11 to. I worry about the time.

12 THE COURT: All right. Thank you.

13 Mr. Murray. Do you want to give sworn
14 testimony?

15 MR. MURRAY: Yes.

16 THE COURT: Raise your right hand.

17

18 (Whereupon, Mr. Murray was first duly sworn,
19 and testified as follows.)

20

21 MR. MURRAY: The first thing that I wanted to
22 do --

23 THE COURT: Can you give us your name and
24 address.

25 MR. MURRAY: Oh, yeah. Nathan Murray. 6909

1 South State Street, Midvale, Utah.

2 The first thing I wanted to address was the
3 multi-family rebates. In the multi-family rebates the
4 programs are designed dollars spent versus decatherms
5 saved for the Questar program, designed to give
6 incentive for participation. When in a multi-family
7 situation the person investing is not the person that's
8 saving, it's harder to justify spending the dollars, if
9 you will, spending the money to upgrade the insulation
10 that's going to benefit a much more significant volume
11 of customers than each individual homeowner.

12 With that considered I would ask for some
13 leniency in the amount of rebate that was dropped there
14 where I can see a homeowner sending a consultant, the
15 sales guy, into a home to be able to talk to that
16 person about savings, to talk to that person about
17 paying more than the rebates are being offered.

18 We as contractors started at 95 cents a
19 square foot for remodel application. Yes, less for a
20 new construction application, but for a remodel upgrade
21 application we were at 95 cents a square foot. But
22 from the competition we were drove down in price in
23 order to keep our business flowing.

24 And then also with the media influence
25 putting a twist on it, the media bringing up the 35

1 cents a square foot as an option as contractors out
2 there doing it for 35 cents, you know, being something
3 that is much more apparent now after that media than it
4 was before because few people feel like they can't go
5 against what the media said, they don't feel strong
6 enough to be able to convince a homeowner. That's not
7 right. The cost of doing a business, the cost of
8 workman's comp insurance, everything to run a business,
9 is not covered by the 35 cents.

10 So, again, I will say the same thing. Yes,
11 we have done very few at 35 cents and they are
12 employees of our business, or a special situation. I
13 would say less than one percent of the business we have
14 done in 2007, 2008, 2009 utilizing the rebates was at
15 35 cents per square foot for the residential program.
16 I would just ask as well for something better to come
17 of it is better communication. We as a company that
18 does a smaller volume than a lot of the larger
19 companies in the insulation, we also do windows and
20 heating and air-conditioning, we also utilize the
21 programs for those rebates as well. We had very little
22 communication from either side until we started
23 participating in the multi-family program. So if there
24 was something to say, better communication coming down
25 and reaching out to educate the insulation contractors,

1 because as I see it we have done more of the educating;
2 unfortunately not always the truth. The truth is we
3 knew it to the homeowners. So we would all appreciate
4 more education and a better understanding of the
5 programs as they roll out.

6 And then a time lime. I'm sorry to be
7 repetitive. We have a lot of customers that were sold
8 based on the belief that they were going to get a 35
9 cents per square foot rebate. If they don't have their
10 application or their job installed by a certain date
11 and they do not receive that, I believe that could be a
12 public relation's nightmare for more than just us. So
13 I would ask a little bit of leniency if we make the
14 decision for reduction, to extend that time to allow
15 for the customers that are already under contract and
16 then sold based on going to a ThermWise website and
17 looking at a 35 cent per square foot rebate, that they
18 are paid that rebate. So I would ask that they be
19 extended as well.

20 That's all I have.

21 THE COURT: Thank you, Mr. Murray.

22 The next name I have is Robert Dodenbier.

23 Come on up.

24 Would you like to give your testimony under
25 oath?

1 MR. DODENBIER: Sure.

2 THE COURT: Raise your right hand.

3

4 (Whereupon, Mr. Dodenbier was first duly
5 sworn, and testified as follows).

6

7 MR. DODENBIER: I live at 4354 North Shady
8 Hollow Court, Lehi. I just have a few comments.

9 I also work for a company that is in
10 insulation. On many occasions we called them, said we
11 understand there may be some changes, can you tell us
12 what's going to happen? Every time we were told we
13 would get at least a 45 day notice. On one occasion I
14 was told a minimum of 30 days day notice. I can't give
15 you the number of times that I called, but every time
16 we were told we would get that in writing. So we would
17 also ask if we could get an extend time line. By
18 changing the program in this significant manner and
19 only giving us now five days notice puts us in a
20 difficult position for a number of the jobs that we
21 have also done.

22 The other concern that I have as was
23 testified, the consumers, very few consumers know about
24 the program, it's been up to the industry to notify and
25 educate them. So we have had to extend the cost to

1 notify them of the chance of getting additional
2 insulation, and now that we have done the work you're
3 taking away the jobs from us. So we would also ask to
4 maybe consider a few other options. One might be just
5 to pay a percent of the amount of insulation that's
6 installed so that anyone who was insulation if they
7 need to get up to the R48 they could get that, to get
8 just to that R38. Or if they are at R13, if they need
9 to get that up, they would get more of a percent rather
10 than a specified amount.

11 Thank you.

12 THE COURT: Thank you.

13 Mr. Matt Milar.

14 MR. MILAR: Here.

15 THE COURT: Mr. Milar, would you like to give
16 your testimony under oath?

17 MR. MILAR: Yes.

18 THE COURT: Please raise your right hand.

19

20 (Whereupon, Mr. Milar was first duly sworn,
21 and testified as follows).

22

23 THE COURT: State your name and address.

24 MR. MILAR: 2529 West Winding Way, South
25 Jordan, Utah 84095.

1 There was a public story done over the news
2 that I felt was done in a very poor manner, it didn't
3 serve the public, it didn't serve the contractors, to
4 my understanding it didn't serve the local utility
5 companies.

6 Qualifying myself, I'm a local B-100
7 contractor. To state a couple things, the Department
8 of Energy, if I understand correctly, recommends an R49
9 to an R60 in our area. Mr. Orgill of Sunroc suggested
10 that the new construction homes have an R38 in them.
11 Since the 2007 RES check has passed, we have not been
12 able to have a home pass its '07 RES check without an
13 R52 in the attic. Other builders may have by design,
14 lack of windows, I don't know. We have also been
15 required to do alveoli windows and a 90 percent
16 furnace, you know. And the nation, obviously, is
17 trying to step up all their different efforts. I spent
18 a lot of time on the Internet last night looking at
19 numbers. I found in several locations the number of
20 residents along the Wasatch Front to be 650 -- excuse
21 me. The census was two million and some change, the
22 number of homes was at 650,000 on one website, 650,100
23 and some change -- I'm just going to say 650,000 is a
24 close enough number. Of Questar's Table 1, Table I,
25 2009 Program Budget Summary, they have put on there

1 that they're going to work on 7,012 attics. Of 650,000
2 attics that's not very many. I also pulled from, this
3 is from the Public Service Commission's website,
4 homeowners should generally concentrate on adding
5 additional attic insulation as it provides the best
6 payoff. I think that, they go over a number of
7 different bill saving's cost. Attic insulation is one
8 of the easier ones to do. Of the ones I have done it
9 beats the heck out of them, you know. They have got
10 other things in her such as duct sealing, they think
11 they're going to do eight this year, from 650,000. So
12 they're trying to do one percent of the attic
13 insulation.

14 Code has changed over the years. I spent a
15 lot of time on the Internet over the last two weeks
16 trying to find the years code changed, the
17 International Building Code, and the effect it had on
18 the insulation amounts in the attics in Utah. As
19 Mr. Orgill stated, he has seen a number of attics with
20 less than an R10 and R11, R9; something at around those
21 depths. And we all know logic tells us heat rises, so
22 right through the ceiling, so we are losing as a state
23 a lot of energy through our ceilings.

24 I have also brought with me my most recent
25 Questar bill, sent a little flier out with it. And one

1 of the first things it says is Questar Gas asked the
2 Utah P.S.C. to cut natural gas rates by 157 million.
3 And in the bottom, I'm going to get back to that. On
4 the bottom -- and I'm quite, as a contractor offended
5 by this, "avoid contractors who come to your home
6 seeking business." I'm a licensed contractor. Shame
7 on Questar for saying "avoid contractors who come to
8 your home seeking business." You could have stated
9 that better, you could have stated "avoid misleading
10 contractors."

11 Are there things happening in the industry
12 that shouldn't be happening? From what I have heard,
13 absolutely. You know. And are there things that are
14 unlawful and that are unethical and shouldn't be being
15 done? Absolutely. Is it fair to compile that all into
16 one statement that you have sent out to every single
17 one of your customers saying, do not, "avoid
18 contractors who come to your home seeking business?"

19 But back two the 157 million dollars cut. I
20 guess I'm also allowed to throw out some answers. And
21 first of all, Albert Einstein said, if at first the I
22 does not insert, then there is no hope for it. You
23 know? We are supposed to be at an R59 minimum, I'm not
24 passing without an R52 minimum on the homes I have
25 built since the 2007 RES check went into effect. And

1 that went into effect with different cities at
2 different times during the city{sic} of '07. Since '07
3 there has been an extreme drop in the number of homes
4 built. Period. So I don't think a lot of that's been
5 seen. I think it was sometime in the late 80s or early
6 90s that it was put in as an R38 as a minimum code, and
7 I believe it was sometime late 80s or early 90s that it
8 was moved up from somewhere around like an R15 to 18.
9 I have measured numerous attics that have cellulous in
10 them that have the card right there that says it's R32,
11 and it's 1000 percent not an R32A. And I believe with
12 the cellulous we get, it sinks, and they are down to
13 R25. So at the time they passed business code.

14 I think we could talk about different things.
15 Maybe instead of coming to the P.S.C. with 157 million
16 dollar cuts in rates, why don't we do something to what
17 the effect of what the gentleman that spoke earlier was
18 speaking, but aren't we affecting everyone by what each
19 of our power, each our insulation rates are and the
20 amount of power we bring in? Aren't we trying to be a
21 state that's going green? I would like to be, I would
22 like to be on that list of states that are
23 cutting-edge, going green, doing whatever. What if we
24 had some sort of a program instigated by probably the
25 Public Service Commission? Because it does involve

1 more than Questar Gas, it involves Rocky Mountain Power
2 also. But why don't we put that into place? I know we
3 also have some money earmarked in Utah for the
4 weatherization of homes in Utah. I don't think that
5 previously it was known the amount of insulation that
6 was recommended, and now we are seeing that it's clear
7 up around an R50, somewhere around the same amount as
8 Alaska.

9 So, that's all I have to say at this time.

10 THE COURT: Thank you Mr. Milar.

11 Mr. Matt Robinson.

12 MR. ROBINSON: Yes.

13 THE COURT: Would you like to give your
14 testimony under oath?

15 MR. ROBINSON: Yes.

16

17 (Whereupon, Mr. Robinson was first duly
18 sworn, and testified as follows).

19

20 THE COURT: Give us your name and address.

21 MR. ROBINSON: My name is Matt Robinson, my
22 address, my business address, is 1083 South Redwood
23 Road, South Jordan.

24 First of all, I want to thank Questar Gas. I
25 don't know if that many of the contractors have really

1 thanked them. They have done a great thing with the
2 program which has allowed lots of us to have jobs. So
3 thank you foremost.

4 The Questar Gas program as I hear from a
5 certain number of sources in, I guess under who,
6 Mr. Dent, they work under Mr. Dent, they say a lot of
7 this problem is with problem contractors who are not
8 doing what they are saying they're doing, not
9 installing what they're saying they're installing, and
10 sometimes not installing anything. A couple sources
11 say that more or less lowering of the rebate is more
12 just a hop program so you can do a revised edition of
13 the regulatory system. I haven't heard that spoken
14 today which I have heard that through a bunch of
15 employees through the Company that that's more the idea
16 of what's going on is the problem contractors. Isn't
17 there another way for that to be regulated so that only
18 certain contractors who are of course licensed and
19 insured can do this, can do it in a right manner in the
20 way it should be done?

21 Questar Gas has inspected a number of my
22 homes. And in these homes that have been inspected the
23 customers have all told me that the representative of
24 Questar, or I guess Nexant is the person who is
25 probably thereunder, have told them that my homes are

1 done better than most others that are insulated. So
2 there are really good contractors out there doing a
3 good thing and installing what they should be
4 installing. And it's sad that this program might have
5 to go away because of those contractors who are trying
6 to take advantage of it in a way that makes a million
7 dollars by not installing what they said they're
8 installing.

9 You know, that's pretty much all I have.

10 Once again, I would like to thank you.

11 THE COURT: Mr. Robinson, thank you.

12 Mr. Pehrson.

13 MR. PEHRSON: Yes.

14 THE COURT: Would you like to testify under
15 oath?

16 MR. PEHRSON: Yes.

17

18 (Whereupon, Mr. Pehrson was first duly sworn,
19 and testified as follows).

20

21 MR. PEHRSON: My name is Deck Pehrson, 441
22 East 3900 South.

23 As Mr. Robinson, I would like to, I would
24 like to applaud the efforts that have been done in the
25 past.

1 And I think just to start, just from a
2 rational concern that I have, first, is that payloads
3 of the grandfather clock. And I'm afraid that this is
4 where we are going, that, you know, we have been here
5 and we want to make a correction, you know. But we
6 tend to overcorrect, and we know what happens in a car
7 when we overcorrect. We roll over and we die. And I'm
8 very concerned that this is going to kill the program
9 to a large degree, and not other courses or shifts in
10 directions can't be made down the road. But why when
11 the momentum is here?

12 I know that there was a change in procedurals
13 made here, and I really did want to ask several
14 questions and I got all excited, I didn't know if we
15 are going to be allowed to ask questions and, but I
16 will take the decision as it was and I'll skip a lot of
17 questions that I wanted to ask.

18 But, you know, I deal in profit margins every
19 day the same as you guys do, and the return on
20 investment from the consumer's perspective is a good
21 question and it's one that we have stewardship, or if
22 we have stewardship, we should be responsible to those
23 who share the responsibilities that exist. But with
24 the greater good of the public at large, I wonder why,
25 you know, Questar is not asking, we're asking for this

1 change, but why are we not asking for an increase in
2 budget without a reduction in the rebates?

3 I know that Sunroc uses a different product
4 than we do, they're able to compete in an area that
5 we're not able to, and to a lower area. If I
6 understood correctly, Mr. Orgill indicated that they're
7 in that 50 to 55 cent range in marketing per square
8 foot. And I commend them for their efforts there. But
9 in honesty, my company that I work with, we are just
10 breaking even at that 50 cents. Okay? We choose to
11 use other products, not fiberglass, something that is
12 more green. And we have a lot of customer base that
13 follows us in that respect as well, the recycled
14 property, or materials. And we choose to do that,
15 that's a choice we make. If I choose to still compete
16 then that's something I have to look at. But at 50
17 cents a minimum in operational costs that's before I'm
18 even able to talk about profit margins. And the
19 concern, the major concern that I have is the reduction
20 of customers because of this program that will happen.
21 And I know we need to stand in our equilibrium, both
22 companies, both entities, and if we look at everything
23 here it has to stand in equilibrium on their own. And
24 that's decisions that I have to make. And those are
25 hard decisions, often. I choose to, I have a general

1 liability insurance, I have workmans comp, I do not pay
2 any of my employees the 1099 income, which means I
3 escape those responsibilities of contributing to those
4 employee costs. I choose, the old saying, walk like a
5 duck, quack like a duck. I am a duck, okay, I choose
6 to be a business and I plan on staying in business
7 because of doing those things that we will keep me
8 there.

9 I know the economic will control this market;
10 in other words, even without changes. As soon as the
11 Rocky Mountain Power, and I know we are not supposed to
12 talk about Rocky Mountain Power, but as soon as the
13 Rocky Mountain Power rebates dissipate; in other words,
14 when most of the homes that have the central
15 air-conditions and they qualify, those are no longer
16 readily available, I know that a lot of contractors are
17 dollar cost averaging and that's how they're making it.
18 And for us to say that our profit margins or our costs
19 are at any given rates, that's very difficult to
20 calculate at best.

21 I sincerely ask the question again, why are
22 we not asking for increase in budget so we can serve
23 these individuals in our community? We talked earlier
24 about tax credits. You know, there are so many -- I'm
25 guilty, I did a job at 35 cents, my mother-in-law.

1 Okay. She doesn't have central air, she doesn't
2 qualify, and by no means is she going to qualify for
3 any tax credits. She is retired, she doesn't have any
4 income, and those tax credits are only available as we
5 all know here based on the taxes that we pay, it
6 becomes something that offsets it. If we don't have --
7 and there is a lot of individuals in this community who
8 will never, based on the current program and the design
9 of the current program even before the changes in the
10 request from Questar, that will not or could not take
11 advance of this program.

12 One last question. How fair is it to those
13 customers out there that haven't taken advantage of it?
14 And there is been a lot of emphases on those out there
15 that have been able to participate and get insulation
16 for free, no cost. And it's through their
17 contribution, through everyone's contribution of their
18 bills, that these customers have been able to early
19 bird and gotten the worm. I just think it's grossly
20 unfair for those that have not participated yet and do
21 not have the same receptive help from their neighbors.
22 And not only that their neighbors aren't willing, but
23 that the program is going to dissipate and disappear.

24 Economics will drive this. I honestly feel
25 based on our conversations that we had in joint, and

1 there was a point in time where Questar had nothing to
2 do with Rocky Mountain Power, but yet in the February
3 meeting at Questar's facilities there were
4 representatives of both companies there and addressing,
5 you know. There is dialogue between the two companies,
6 and I believe strongly in a tiered program where we can
7 help those that don't have the means, and so forth.

8 But I do believe that this motion from
9 Questar is a knee-jerk reaction. I mean, they told us
10 in February, one month ago about, that there was no
11 changes, no plans, no nothing. And then this is a
12 knee-jerk reaction to the increased volume that has
13 occurred in the last month, the last two months.
14 Actually, in the last two months but only recognized in
15 the last month. Or at least there is either a lack of
16 communication or lack of acknowledgment with what
17 really was happening in the last two months and that
18 this should continue as is. I mean, timing and
19 everything, that's one thing, but the programs, the
20 amounts -- I don't know, 35 cents, and I don't know
21 what the original ratios were when the programs were
22 first implemented, what we thought was able, what
23 rebates were able to pay for what ratios. But, you
24 know, the 35 cents is really a fair amount.

25 I'm going to concede and deal with what we

1 have, but I need everyone here to look into their own
2 heart and say what's fair to those that have gone
3 before us and for those who haven't been able to take
4 advantage of the situation yet.

5 I appreciate your help and your time.

6 Thank you.

7 MR. PROCTOR: Your Honor, if you want to
8 continue, I need to leave. I have a personal matter.
9 I suppose it's more a matter of personal privilege. I
10 need to go to my office for 10 minutes, I have a client
11 there waiting for me. If you continue, I will need to
12 ask for some sort of --

13 THE COURT: That's fine.

14 Let's take a break right now, let's take a 10
15 minute break, and that will give you a little bit of
16 time.

17

18 (Whereupon a recess was taken.)

19

20 THE COURT: Let's start back up.

21 Mark Levie.

22 MR. LEVIE: Here I am.

23 THE COURT: Mr. Levie, would you like to
24 testify under oath?

25 MR. LEVIE: Yes, sir.

1 THE COURT: Please raise your right hand.

2

3 (Whereupon, Mr. Levie was first duly sworn,
4 and testified as follows).

5

6 THE COURT: Thank you.

7 MR. LEVIE: Mark Levie, and my address is 260
8 West 900 North, in Orem, Utah.

9 Again, I agree very firmly with my former
10 employee David Orgill as to the comments that he made,
11 the things he said. And Dan as well, I would like to
12 thank you. I have had a very good reputation with
13 you{sic} and the others on your team, and I'm very
14 grateful for this program that you have provided for
15 Utah.

16 As was stated earlier our economy is hurting
17 right now and this is something that is stimulating our
18 economy. I can't recall, maybe I can ask this
19 question: How many for, how many people are actually
20 participating in this, how many participating
21 contractors do you have now? Can I get that answered?
22 It's not to -- oh. Keep going.

23 MR. DENT: I don't have an exact number, but
24 we have probably close to 100.

25 MR. LEVIE: Okay. Thank you. First, I want

1 to say there are 100 companies doing this, and you know
2 as well as myself and many contractors here that there
3 are many contractors here who are doing it correctly
4 and there are contractors doing it incorrectly.

5 And the first point that I want to do is
6 insulation types to cost effectiveness. Another
7 contractor came up here and was talking about
8 insulation that he was using that was more expensive
9 than the insulation at Sunroc. I personally know that
10 the product they are using is very comparable to what I
11 am using, which is 30 to 50 percent more expensive than
12 the product that that gentleman was talking about. It
13 does not settle. And these are things that I think
14 need to be taken into effect is, if the type of
15 insulation being used is more expensive and there are
16 better types of insulation that will not settle that
17 actually do a better job for the home. So I think
18 that's something that should be taken into
19 consideration.

20 R value is also very important. A lot of
21 installers are saying we only install R19. On K.S.L.
22 they said an R19 for 70 cents. That's a flat ripoff.
23 I want to say that straight out, put it on my record.
24 70 cents for an R19 is a flat ripoff. And for
25 contractors doing that, this is why this is taking

1 effect, especially if you're blowing a product that is
2 very inexpensive. So what other contractors have
3 stated, if you're at R9 and R10 and R12 you should be
4 offering these people an R30 or R38, if you're at an
5 R10 and you add an R19, you add an R29, they're not
6 going to see the benefits that Questar is looking for
7 to make this cost-effective. That's just the point.
8 Okay. So if they have an R10 try to sell them an R38,
9 and if they can get both rebates that should cover
10 about 86 percent of the cost if you're doing this
11 correctly.

12 And so I just want to state that R values to
13 cost effectiveness is another thing that should be
14 taken into consideration. I have heard other companies
15 mention tiers, and I think that's what they should be
16 talking about, that if you add an R19 you get a certain
17 amount for that, if you add R30 you get a certain
18 amount for that. Because then the people that do need
19 the insulation are getting the amount they need, and
20 they're getting more money to help pay for it.

21 Another thing, I do agree with other
22 contractors that the time frame was a little hard. I
23 have known for two weeks because of my communication
24 with Questar; however that was still very harsh, it was
25 very, still very wishy-washy. It was not stated to me

1 directly until about a week ago that it was 100 percent
2 assured, but two weeks ago I was informed that it was
3 going to take effect. So I, too, would like to agree
4 that we do need to have more time to finish the jobs
5 that have been completed, I mean, that need to be
6 completed, that have been sold, and they are under
7 false pretense that they're getting 35 cents if we
8 change it April 1st. Those false pretenses are not
9 only going to fall on the company doing it, but also on
10 Questar Gas.

11 Okay. I believe that Questar should get
12 extra money to check work, I think that is very
13 important. Not only is the product used important, but
14 how is it installed. You can have the best product in
15 the world, if they do a terrible job installing it,
16 it's not going to do any good for that customer. So if
17 they get the money to actually have people out there
18 checking these companies, that are plumbers,
19 electricians, that really have not been in the
20 insulation industry, check them, and make sure they're
21 doing a good job. I think that it is very important,
22 they do need that money to do that.

23 I also believe as I was talking with Blake
24 who is an employee of Dan Dent, they have contractors
25 that have to be approved by Questar to do duct wrap and

1 duct sealing. This is correct, they have to be
2 approved by their company. Now, we have 100 some odd
3 contractors that are doing this, when I first started
4 doing this there were maybe three that were competing
5 against me, but there were probably 25 actual
6 insulation companies in Utah, and now it's gone to,
7 it's escalated to 100. So why can't we as well with
8 the attic insulation program have approved contractors
9 that you guys have checked thoroughly, that you
10 continue to check to make sure that they are doing the
11 job correctly, and only those contractors can
12 participate in this? I'm not saying drop it down to
13 20, I'm just saying this will weed out the people that
14 do not know what they're doing, because they're not
15 helping this case at all.

16 Another thing I would like to mention,
17 something that I have always understood is part of
18 sales throughout my -- I'm only 29, so I'm not as old
19 as many of you. But I have been in sales for a long
20 time, and a high number of sales at mid-margin is
21 better than low number of sales with a high margin. I
22 feel that's what's going to happen with this change,
23 you guys will get a higher return, but there will be
24 less people participating, there will not be as many
25 people taking advantage of this program. So,

1 therefore, your numbers that you're coming up with for
2 the exchange or the cost effectiveness of it will not
3 be true, because there will not be as many people
4 participating. So the numbers look good but the actual
5 amount of money being saved will not be a substantial
6 one. Okay.

7 And last but not least, I just, I just feel
8 20 cents as well may be a little bit drastic. I do
9 believe my company or the company that I'm with will be
10 able to thrive. It is not 35 cents a foot that's
11 really hard to sell at, like, there are products that
12 are 50 percent cheaper that I could buy. There are.
13 But I will not use that product. And there's a reason
14 for it. And so when you hear 35 cents, sometimes it's
15 the product they're using. So that also, like I said,
16 needs to be taken into account.

17 So please give us the time we need to finish
18 the jobs we are doing, and maybe look over everything
19 as far as a tiered system and also the products being
20 used by these companies and making sure that they are
21 getting monitored and we are approving of companies
22 that know what they're doing. So.

23 THE COURT: Thank you, Mr. Levie.

24 Mr. Dallas Jackman.

25 MR. JACKMAN: Everything that I wanted to say

1 has been said.

2 THE COURT: Thank you, Mr. Jackman.

3 David Candland.

4 MR. CANDLAND: Thank you.

5 THE COURT: Mr. Candland, would you like to
6 give evidence under oath?

7 MR. CANDLAND: Yes.

8

9 (Whereupon, Mr. Candland was first duly
10 sworn, and testified as follows).

11

12 MR. CANDLAND: David Candland, 3789 South 500
13 West.

14 First of all, with the previous gentleman
15 here, to call 70 cents a square foot a flat ripoff is,
16 I think an insult to people. We didn't mandate that,
17 it was determined by the utility companies. So for
18 people, if that's the case I guess Home Depot, the
19 second biggest retailer on this planet earth, are the
20 biggest swindlers out there at 99 cents. And there is
21 a lot of different factors and they're not always
22 addressed, and that's what annoys me a little bit.

23 I don't know how every customer, excuse me,
24 every company does business here, but when you have a
25 flier that arrives on your porch it didn't get there

1 for free. It didn't. There are costs involved in
2 that. The nice glossy tri-fold mailer that Sunroc
3 sends out, that costs money. Canvassers cost money,
4 okay, the grade of employees putting it in costs money.
5 I have heard of several companies out there using
6 people literally picked up off the street, literary, to
7 do that, and they're paying them not much. So, you
8 know what, I just don't think we should sling arrows at
9 people because you don't know what their overhead costs
10 are. Plus we didn't set it up, the utilities set it
11 up, which brings me to my other point.

12 Through the course of this hearing the fact
13 that people are trying to deny that Rocky Mountain and
14 Questar are not intrinsically linked is ludicrous.
15 With this program they absolutely are. I was shocked
16 how many times people had to feel like they were
17 walking on eggshells. They certainly are linked. I
18 deal with it every day. Okay. And the fact that there
19 hasn't been more communication between you, and I'm not
20 here to call anyone less than truthful, if that's the
21 case, then I'm shocked there hasn't been more
22 communication between you. Shame on you for you guys
23 not having more communication when you're both on board
24 with the project.

25 Also, I want to say, if people actually think

1 that the customer in this economic situation, if they
2 think the customer is going to take ownership and be on
3 board and be proactive, I think you're sorely mistaken.
4 You haven't been in as many houses as I have.
5 Literally, there are people that won't qualify for the
6 program. You will give them a screaming deal to do
7 1,200 square feet for maybe \$158 and they will say, No,
8 let me think about it. And I talked to one of the
9 representatives at Questar and she was astounded that I
10 said that, I think a lot of people want to, you know,
11 jump in and grab this. And I said, that's not been my
12 experience, I deal with it every day. You know, yeah,
13 some people are, some people don't care. Do they still
14 get the benefit if they don't care? Yes, you still get
15 the benefit if you don't care. Should they be a little
16 more proactive? Yes, but they're still getting the
17 benefit.

18 I did want to address, quickly, the news
19 story. Earlier I believe this side (indicating) was
20 cross-examining, talking to someone, I think it was
21 Ms. Beck over there. She said a lot of the public
22 doesn't know about the program. Tons of the public
23 does not know about the program in it's third year,
24 tons of people don't know. That's our job, that's why
25 we paid people to let them know. Okay? So we are

1 servicing the utilities by making this program public
2 to them. It's just like me, and my buddy's like, Hey,
3 I have got this great cell phone deal, with the same
4 telephone company I'm using. And I call them and I
5 will say, Hey, why aren't I getting this deal? Well,
6 we send it in an envelope every month. Well, it's with
7 my other paper and I don't read it like everybody else.
8 You know what I mean? A lot of people do not know
9 about the program.

10 Anyway, back to my original thought. The
11 fact that they bring up a news program as a way to
12 inform the public -- I have a background in journalism,
13 I have been a reporter. That was absolutely the worst
14 investigative piece of tripe I have ever seen in my
15 entire life. Ever. I'm not going to get held for
16 slander or libel, because it's absolutely true. I
17 talked to the news director at K.S.L., there are 95
18 percent negative comments. Oh, I'm sorry, I said who,
19 their name. Everyone knows who it is. It was last
20 Friday. In one day we went from being heroes, most of
21 us in this room, to being pariahs, literally. People
22 cancelling jobs, people doubting the truthfulness of
23 what we say, you know. It's not very fun. They didn't
24 even have an insulation person other than the one that
25 was with the hidden camera that was such a non-story,

1 even talked, they didn't even bring it up. So thinking
2 that maybe that that did the public a service, it
3 absolutely did not, it threw out more questions. I
4 also talked to a representative of Questar, and she
5 told me, We were very disappointed. And I thought,
6 well, you got two representatives that said some things
7 that in my opinion probably shouldn't have been said,
8 so you should have done a tighter reign on those
9 people. And I know how it is, I've been in the
10 business, and I know there is some unscrupulous people.
11 And this particular person who did this piece, I like
12 her, I know her, I just thought it was a big misstep.
13 Things can be creatively edited and taken out of
14 context. In my opinion, it didn't serve anyone and it
15 hurt us greatly. Am I right?

16 UNIDENTIFIED PEOPLE IN COURT ROOM: Yes.
17 (Applause.)

18 MR. CANDLAND: Everyone here. I mean, later
19 I just felt like we just got -- and I just barely got
20 into this business, isn't that nice? And now I might
21 be barely getting out of it.

22 And I do have a few other things going. I'm
23 new to this, but I feel I'm fairly well educated with
24 the program.

25 And I do hope everyone that needs it can get

1 it, but I guarantee you when I go to a house yesterday
2 that had two inches of vermiculite, you know what I
3 mean? And they have to pay more. There is a fair
4 amount of the people out there that do not want to
5 spend any monies. You would think that such a
6 ridiculously good deal we're giving them on this for
7 good faith, and hopefully we will get additional, get
8 additional referrals, that they would bite. But that
9 isn't always the case. And I think you will certainly
10 find that out.

11 Also someone mentioned earlier about the 45
12 day grace period. I have heard that a hundred times.
13 You know, I have had customers -- one guy said, Can you
14 get this done by the end of the week? and I said, No.
15 Oh, okay. Well, that's what it said on the website.
16 And I thought, well, there is supposed to be a grace
17 period. There has to be. There has to be. And people
18 buy up 30 days and blah, blah, blah.

19 I have to come out and say, I would be happy
20 if you didn't change the rate at all. Forget the
21 extension, keep it how it is. If it ain't broke don't
22 fix it. Well, that's not fair, because I guess it is
23 broke in some areas. But we can't seem to figure out
24 what the cement is to get it all together and agree on
25 that.

1 So anyway I'm pretty passionate about this.
2 When it's your livelihood, you know, it's no fun. And
3 also, it's no fun having customers that do not
4 understand. I have had people call utilities and come
5 back and come up with different information, different
6 information. I'll tell them, you know, I'm sorry,
7 ma'am, as far as I know that certainly is not the case.

8 And I think everyone here has probably had
9 that too. I had a lady the other day who was, she was
10 audited -- and I'm about done here. I don't know if
11 I've breathed yet. But she was audited by one of the
12 utility companies. She got done and she was happy.

13 By the way, I'm very honest. And there are
14 mistakes. I don't know if you guys factor in mistakes
15 that can be made by a person with a company. There can
16 be mistakes, genuine mistake. There are people that
17 will mistakenly put the square footage of the house
18 instead of just the roof. There is people that have
19 done that dishonestly, I guarantee you. But there are
20 mistakes. You get up there, you have cellulous, it
21 looks like a Pringle chip. People have been out there
22 putting in duct work, air-conditioning, and so forth.
23 They moved it aside, so some areas it's here,
24 (indicating), others it's like that (indicating). I
25 really try hard to get it done. But anyway this woman,

1 we got it done and she said, Okay, great, I have got to
2 get a bunch more quotes. I said, Why? She said, Well,
3 they told me I had to do that from the utility company.
4 This was two days ago. I said, They told you that?
5 She said, Yes. She thought it was a mandate, she
6 thought it was the law. She was an older woman. I
7 said, Ma'am, you can do your due diligence, but I
8 guarantee you here is basically what's going to happen.
9 You're going to have a couple more guys come out,
10 they're going to say the same things I said, they're
11 going to do the job for more or less the same price,
12 and you have lost an hour and 45 minutes of your life
13 listening to them talk. You know?

14 Now, I don't think there is a problem with
15 telling people to do due diligence. There is an
16 article in the paper that talked about that, it was
17 brought up in the TV piece, the TV piece even told
18 people not to do loans.

19 And here is the last thing. I don't want
20 people to get in debt doing this program. Us as a
21 company, we have had investors that have put down the
22 money for rebates, which is very enticing to some
23 people out there that don't have hundreds of thousand
24 of dollars to play with until they get their rebate.
25 And we all know how rebates are, you know, 10 weeks

1 later you get your \$12 check from, you know, Best Buy,
2 and it's, like, wow, I even forgot I filled out the
3 form. It's like Christmas. You know? So that program
4 has worked well for us. It has. And then kind out of
5 the blue it's flip-flopped a few times, and so the
6 check that was sent to contractors, and there are a few
7 out there that cash those checks, there are a few out
8 there that didn't do what they're supposed to do. I
9 don't think, I think there's a low percentage. I think
10 that's a worst-case scenario. But for us we have to
11 rely on customers to send this, to send us these
12 checks. We have got to get them self-addressed stamp
13 envelopes, we have got to redo all of our stuff. And
14 maybe you can't change the rule for everyone, but we do
15 it for, we do it differently than a lot of people do it
16 out there. They don't provide the money down for the
17 customer, but we do. So we are waiting for the cycle
18 to come back to see how many people are honest enough
19 to send it to us.

20 And because of that story and others, people
21 think they're getting no-cost insulation; plus, get
22 this, they think they get to keep the rebate. Did you
23 hear that, guys? They think they get to keep the
24 rebate as well because they were misled to believe that
25 by people that really didn't investigate and knowing

1 what they're talking about. That's a crying shame. It
2 really is.

3 Anyway, I hope I haven't offended anybody
4 here. I have spoken from my heart here. Things have
5 changed, and I know a lot of people out here are
6 wondering what they're going to do, what the future,
7 the very, very near future is going to hold in store
8 for them, and I just hope we can figure this out
9 diplomatically and everyone will be well served.

10 I appreciate your time.

11 THE COURT: Thank you.

12 Chris Sherman.

13 MR. SHERMAN: Here.

14 THE COURT: Do you wish to give your evidence
15 under oath?

16 MR. SHERMAN: I do.

17

18 (Whereupon, Mr. Sherman was first duly sworn,
19 and testified as follows).

20

21 MR. SHERMAN: I am a small business owner, I
22 have approximately 18 employees. When I heard that
23 they were going to reduce rates, I laid everybody off.
24 My partner and I are right now doing the insulation
25 work to fulfill the contracts that we have, and we are

1 not writing anymore contracts right now.

2 I really believe that this reduction will
3 clean the house that's here today. I think you will go
4 from 100 contractors, and if that's the intent that
5 will be great. The intent, what will happen is you
6 will lose 75 percent of the contractors that are
7 participating in the program.

8 I'm a door knocker, that's how we get our
9 business. I pose as a customer a lot calling Questar.
10 When I'm in a home with a customer, I call and tell
11 them -- act as a customer with the customer sitting at
12 the table with me, and I ask questions. I get
13 inconsistent answers from Questar regularly from the
14 people I am answering, or from the people answering the
15 questions. It's disturbing. I get from Questar, do
16 not buy from a door to door person. I am a licensed
17 contractor, I'm regulated, as far as I know I am an
18 approved contractor with both Questar and Rocky
19 Mountain. My customers call -- and to verify that I
20 encourage them to call, I encourage them to check to
21 see if I'm a licensed insured contractor with the state
22 of Utah. To have that kind of information coming
23 across the line from an official Questar employee is
24 disturbing.

25 Before I go further, though, let me say that

1 I do appreciate this rebate program from Questar and
2 Rocky Mountain. Regardless of whatever your motive is
3 for providing this program, it is benefitting
4 customers. I get customers that call me and thank me,
5 sincerely thank me for doing the insulation work on
6 their house, because they see the benefit. I get
7 referrals from those customers from the benefit. There
8 has got to be a better way than dropping 15 cents off
9 of this rebate program. If the intent is to clean the
10 house of contractors, that will work. A better way
11 might be as a contractor calls and asks to be an
12 approved contractor with Questar and Rocky Mountain
13 that we have a training program come in to Questar and
14 we will give you some guidelines. I would appreciate
15 that. I have been trying to get information from
16 Questar on a regular basis, I call and it's just not
17 there. The orientation when I called the first time to
18 become an approved contractor because I thought that
19 was important to be able to sell to a customer, no
20 guidelines. So the fact that we have contractors out
21 there that are selling an R19 and getting a double
22 rebate, 70 cents, probably is in large result of not
23 having any kind of input from these utility companies.
24 We're doing the best we can do.

25 I'll guarantee you that 18 people that I had

1 employed are unemployed right now. This company will
2 go out of business, because I can't, I can't offer the
3 rebates or I can't sell the product with a 20 percent,
4 or 20 cent per square foot on the rebate. The
5 customers won't buy it. I've been having a difficult
6 time selling the 70 percent participation from Questar
7 and 30 percent on the customers side. For every
8 contract that I get signed, I have three or four that
9 don't. It's just the state of the present economy,
10 people cannot afford it.

11 Somebody mentioned that it's a screaming deal
12 to have a customer only paying \$150 with Questar or
13 Rocky Mountain paying the rest. It may be a screaming
14 deal, but in the present economy, every day I get
15 people who say they can't afford it. So that is my
16 deal.

17 The other thing. I'm not sure how, excuse me
18 if I get this wrong, Utah public utility commission, if
19 there could be some way to get Questar and Rocky
20 Mountain Power and you together to try to make this a
21 program that makes sense. How did we ever get it 35
22 cents for Questar and 35 cents for Rocky Mountain
23 Power, and we think that that's too much? We think
24 that the public is being ripped off? Where are the
25 guidelines? We don't talk, the Utah public utility

1 commission doesn't sit down with these two companies
2 and say, Let's see if that makes sense. Why not?
3 Somebody is not doing their job. I mean, how did these
4 programs get into effect where we have 35 cents being
5 offered by Questar, 35 by Rocky Mountain, and now we
6 are knee jerking and saying, Too much money, the
7 contractors are ripping the public off.

8 I'm an honest contractor. I try to do the
9 right thing for my customer. I'm knocking on
10 somebody's door, they're inviting me in. I think, by
11 the way, I think Sunroc, I have sold a lot of your
12 fliers. I knock on the door, they say, We just got
13 information in the mail, come on in. It's Sunroc's
14 information. But, so thank you. A lot of my business
15 comes from you.

16 But because I am a small guy, a small
17 company, I have expended a lot of money in equipment.
18 I have two trucks, I have two machines, two full-time
19 crews. All that is going away. To think that you can
20 without notification on your website, without
21 notification to the public, that you can pull the rug
22 out from all of these people that are here and the
23 customers who are ultimately benefiting, I think is a
24 real disservice.

25 That is all I have to say. Thank you.

1 THE COURT: Thank you, Mr. Sherman.

2 Tracy Davison.

3 MR. DAVISON: Hello. Right here.

4 THE COURT: Would you like to testify under
5 oath?

6 MR. DAVISON: Yes, certainly.

7

8 (Whereupon, Mr. Davison was first duly sworn,
9 and testified as follows).

10

11 MR. DAVISON: Tracy Davison, I represent
12 Mr. Energy, 428 West Sand Bar, Spanish Fork, Utah.

13 I could only assume who is in the audience
14 today. If, Your Honor, please indulge me. We did have
15 about 100 here before the break. But for those that
16 are here now, if you are an employer please raise your
17 hand. Okay. So that's who we are. Okay. So that's
18 who we are, we are the employers out there in the
19 industry. So, I could have assumed that, but now let
20 the record show that the audience has filled all the
21 chairs and then some in probably the largest room
22 available for this hearing today in the room. We
23 actually got changed because of the number of people
24 that came to this hearing today.

25 This body of people that are in the audience

1 today represents just a small fraction of peoples'
2 lives, lot's of peoples' lives. There is employees and
3 other people that are connected to what we are doing
4 out here.

5 Now, it's been mentioned by pretty much
6 everyone around that this program made sense. We are
7 in the third year of a three-year pilot program, that
8 the idea was we are going to do a test in the
9 marketplace to see if there was going to be a cost
10 benefit to putting insulation in attics and walls and
11 floors and improve appliances, all with the intent of
12 reducing how much energy is consumed. And what we have
13 had is wild success. And, you know, under the current
14 program I believe that the cost benefit analysis is
15 saying two point four, and that's for the person that's
16 out there paying an additional 20 cents a month. Even
17 if they don't participate in the program, they're
18 benefitting two point four is kind of what the numbers
19 come up. And I believe that number is wrong, I believe
20 that number is very small. I don't think it factors in
21 many things that are right here that we are faced with
22 in these economics times. That's probably using the
23 assumption of historical inflation, or it might even be
24 skewed by using the numbers like CPI, which are, you
25 know, less historical inflation. We are on the brink

1 of hyperinflation. We are on the brink, because of
2 bailouts from the federal government, because the
3 federal government is spending in the last six months,
4 they have spent 14 trillion dollars. That's what they
5 have spent bailing out banks, companies like A.I.G.
6 Where does that money come from? Well, it's certainly
7 not going to come from people that pay income tax,
8 because income tax payers don't pay more than, like,
9 600 billion a year. Where is it going to come from?
10 It's going to come in the form of an inflation tax.
11 And not just an inflation tax, we're going to see a
12 hyperinflation tax. That's going to affect the cost of
13 insulation, that's going to affect the cost of natural
14 gas. Let me assure you of that.

15 And while I'm speaking of natural gas, it's
16 my understanding that there is a pipeline to be
17 connected that we're using right now in Wyoming that
18 will connect us to the East. Now there is a huge
19 differential in the price of natural gas between what
20 we here are paying in Utah at the current time and what
21 people in the East are paying at the current time. I
22 believe right now we are paying four point five per
23 decatherm, and what they're paying back East is six
24 point five. That pipeline is going to be done in a
25 couple of months. That alone will constitute a rate

1 increase on every Questar Gas customer. That alone.
2 Not to mention the fact that all this money, where is
3 it being spent? It's being spent to the bankers. What
4 do bankers do? They invest. Where are they going to
5 invest? Commodities. Isn't natural gas a commodity?
6 Yes. You will see, let me assure you, I'm not a
7 prophet, I'm just a person who pays attention, who
8 listens to leading economists like Bob Chapman who are
9 saying hyperinflation is coming, you know, to the tune
10 of, you know, people are going to see their food prices
11 increasing five to ten percent a month. They're
12 probably going to see their utilities go up similarly.
13 And yet we are going to try and reduce a program that's
14 having wild success and great momentum right now, that
15 will actually have a better than 2 to 1 ratio benefit
16 under the current model which I believe is wrong.

17 If you are taking this thing out 45 years,
18 I'm sure you're not factoring in hyperinflation. Every
19 dollar we spend today will have a much, much larger
20 impact on everyone, especially Questar Gas. Every
21 dollar spent today will benefit everyone especially
22 Questar Gas. So why not consider instead of the 20
23 cents every customer is paying why not come to the
24 Commission here and request that to be a dollar? Do
25 you think anybody out there will notice? Not really.

1 A dollar a month. Right now its 20 cents a month. But
2 guess what, as soon as we connect that pipeline do you
3 think the utility bill on that person is going to go up
4 more than a dollar? I will bet you just on that alone.
5 And when you factor in hyperinflation, I bet it will be
6 \$5, \$10, \$20 more per month per utility user just based
7 on the cost of natural gas going up. Why not conserve
8 as much as possible? I think that this pilot program
9 has proven that it is a successful program, which means
10 that it's been moved from pilot after 2009, and I
11 believe in 2010 it's going to go to a more permanent
12 program where the intent is to get as many people who
13 use natural gas to actually participate in the program
14 and conserving natural gas.

15 So that's what ought to come before this
16 Commission. Not a ridiculous railroaded 20 cent rate
17 on that, because those of you who raised your hands,
18 how many of you would be in business if you had to do
19 your jobs at 35 cents a square foot? Raise your hand
20 if you would stay in business at 35 cents a square
21 foot. Who is going to stay in business doing 35 cents
22 a square foot? Raise your hand. I don't see any hands
23 going up. Okay. Now I'm experiencing the same thing.

24 It's been mentioned several times already
25 that if you asked a customer for 100 bucks because they

1 don't happen to qualify for both programs to cover the
2 cost of doing it, if they have to come up with 100
3 bucks, they're saying, I can't do that, I can't afford
4 it, I can't participate in the program. I call that
5 discrimination against the people who are poor. Guess
6 what, there's a lot of people that are poor in this
7 economy. Seriously. You have got unemployed and you
8 have got underemployed. You have a large segment of
9 this population in the state of Utah who qualify for
10 underemployment for sure, but where are their benefits?
11 They get none. There are no benefits for the person
12 who is underemployed, none whatsoever.

13 So, this program ought to look at raising the
14 budgets on this very successful, energy conservation
15 program which will pay huge dividends in the future. A
16 dollar spent today when the dollar is much weaker
17 tomorrow is much better.

18 Those are my comments today. Thank you for
19 time.

20 THE COURT: Thank you, Mr. Davison.

21 Matt Malachowski.

22 MR. MALACHOWSKI: Yes.

23 THE COURT: Would you like to testify under
24 oath?

25 MR. MALACHOWSKI: Yes.

1 (Whereupon, Mr. Malachowski was first duly
2 sworn, and testified as follows).

3

4 MR. MALACHOWSKI: I'm Matt Malachowski. I am
5 also part of Mr. Energy. My address is 428 West Sand
6 Bar Way, Spanish Fork, Utah.

7 My comments will be brief here. I'm a little
8 nervous.

9 Mr. Dent, I feel like you have contradicted
10 yourself and, after the fact, during the first part of
11 the hearing the fact was established that Questar Gas
12 customers are paying for the program. You made a
13 statement that the Questar corporation, Questar Gas, is
14 paying for the program. Those were your words. Now
15 this program benefits Questar more than anybody because
16 it lowers your costs by, or without having to increase
17 your infrastructure, without having to as you stated
18 earlier buy more expensive gas from other customers,
19 you guys would then be able to resell your gas that you
20 produce at higher prices to those other customers that
21 you were previously mentioning that you would purchase
22 it from. So this benefits Questar Gas more than
23 anyone. All this on the backs of the Questar customers
24 who are paying for the program as was already stated.

25 You know, it's a great program, it's

1 providing lots of jobs, but Questar is not providing
2 this program, the program is coming from your customers
3 which are all of us in this room including myself, and
4 we are paying for the program, not your company.
5 That's it.

6 THE COURT: Thank you, Mr. Malachowski.
7 Ms. Jane Sherman.

8 MS. SHERMAN: I'm right here.

9 THE COURT: Would you like to testify under
10 oath?

11 MS. SHERMAN: Yes.

12
13 (Whereupon, Ms. Sherman was first duly sworn,
14 and testified as follows).

15
16 MS. SHERMAN: I'm Jane Sherman, I'm at 851
17 North 60 East, American Fork.

18 I guess my comments are that I think they
19 should have let the contractors at least know. It was
20 about a week ago that I called, about a week and a half
21 ago Monday after this thing on the television that I
22 called to see if we were still getting 35 cents a
23 square foot. They said, Oh, yeah. I said, When is it
24 due to end or change? They said that it was December
25 and they would look at it again.

1 Also because of that show I said, Well, what
2 if somebody, it just costs 25 cents a square foot to
3 put the insulation in, what happens? Do they get the
4 35 cents? And the one person said, Yeah, they get to
5 keep the extra 10 cents a square foot. And I talked to
6 a supervisor and they also said the same thing. I was
7 under the impression that you send in your receipt so
8 that they would not reimburse you. I don't know if
9 that's correct or not.

10 The other thing is I think they should have
11 given us at least 90 days. We had to call a lot of
12 customers and move them in and tell our sales people to
13 stop selling, that we were not going to sale something
14 that we weren't sure of. So I just kind of wondered if
15 the K.S.L. thing was a coincidence or if somebody at
16 Questar said that we need to do this program so we can
17 stop everybody from doing it, and then putting this
18 thing in our gas bill that said to not sell to people
19 who go door to door as salesman.

20 I think that if it's a benefit and it's
21 cost-effective we ought to keep it because we should be
22 serious about making our state a green state. I mean,
23 I think this is an important thing. There are people
24 out there who cannot afford -- our company is not one
25 that pays for it, we do ask for payment up front and

1 then they wait for the rebates. We help the customer,
2 we call if they don't get it in a timely fashion. But,
3 you know, occasionally we come upon somebody that is,
4 or a widow living in a house with three inches of
5 insulation and we do pay for that and ask that they
6 give it back to us. I mean, there are a lot of people
7 that are benefitting.

8 We did one a few weeks ago that had zero
9 insulation in their attic. It's a huge benefit. We
10 got a call two weeks ago from somebody we put
11 insulation in and thanked us and said she saved \$150 in
12 January this year as opposed to January last year. So
13 it is making a big difference and I think it is going
14 to keep our gas bills lower if we get to use less gas.
15 So that's my thoughts.

16 THE COURT: Thank you, Ms. Sherman.

17 We will adjourn until 4:30 and then we will
18 be back for about one hour.

19

20 (Whereupon a recess was taken.)

21

22 THE COURT: We are back on the record in
23 Docket No. 09-057-T04 --

24 MS. SCHMID: I don't think your microphone is
25 on.

1 THE COURT: Oh. Thank you.

2 -- In the matter of the application of the
3 Tariff Change for the Third Year Budget for Demand
4 Management Programs and Market transformation
5 Initiative.

6 So, this time has been reserved for
7 additional public comments and testimony. And my
8 understanding is that there is nobody -- one. Oh,
9 okay, we have one. You can sign in and come right up
10 here to the front for your comments.

11 Is it Chris Kirkland?

12 MR. KIRKLAND: Yes.

13 THE COURT: Come up here.

14 Were you here earlier?

15 MR. KIRKLAND: No.

16 THE COURT: Let me explain what's going to
17 happen, or how you can testify, essentially. You can
18 do it under oath, and if you do testify under oath then
19 the Commission can take what you say under
20 consideration as they make their decision. But you
21 also will be subjected to cross-examination by the
22 attorneys. If you don't do it under oath you can make
23 the comments as you like, but those comments won't be
24 considered by the Commission.

25 So which do you prefer?

1 MR. KIRKLAND: I'm okay with either one.
2 Whoever wants to cross-examine me -- I will be put
3 under oath.

4 THE COURT: Come right up. I think your
5 microphone is on. Just raise your right hand.

6
7 (Whereupon, Mr. Kirkland was first duly
8 sworn, and testified as follows).

9
10 THE COURT: Thank you.
11 Could you state your name and address for the
12 record.

13 MR. KIRKLAND: Chris Kirkland, 4142 Open
14 Crest Drive, South Jordan, Utah 84095.

15 Okay. I don't know who is who.

16 THE COURT: This is -- they're going to let
17 you know who they are.

18 MS. BYDE: I'm Jenniffer Byde, I'm with
19 Questar Gas company. With me is Dan Dent, you may
20 recognize Dan who works with our Demand Management
21 programs.

22 MS. SCHMID: And I'm Patricia Schmid with the
23 attorney general's office representing the Division of
24 Public Utilities. And I'm by myself. I have no
25 friends. (laughter.)

1 MR. PROCTER: Paul Procter, assistant
2 attorney general, representing the Committee of
3 Consumer Services.

4 MR. KIRKLAND: Thank you. I was not here
5 this afternoon, I thought the public was between 4:30
6 and 5:30.

7 I just wanted to state my concerns with the
8 change in the tariff that has been submitted. My
9 concerns, I have a few. Principally, I think the
10 attention should be given to the effectiveness of the
11 actual energy savings portion of the program. If at 35
12 cents we are seeing the returns that we want, to me I
13 think that should be our only concern. A year ago it
14 took you about a dollar to get a square foot of
15 insulation. Right now it's much less than that because
16 of contractors like us that have been innovative and
17 worked with suppliers and labor to gets costs down.
18 Just because we are able to do so does not mean we
19 should then punish the hundreds of thousands of homes
20 that still have not been insulated by forcing them now
21 to pay almost double to get the same products. I
22 shouldn't say double, but get almost half the rebates,
23 35 cents, down to 20 cents.

24 In my personal opinion that's being
25 shortsighted as to the purposes of the program. The

1 purpose of the program is to conserve energy. If at 35
2 cents we were getting the things as we wanted, my
3 recommendation is we keep it there.

4 I'm also concerned with parts of Questar's
5 dealing with -- my understanding is this change has
6 been suggested because of certain concerns with the way
7 that some contractors have been doing business. And in
8 my opinion those concerns are, that's the reason for
9 this change is to deal with some contractor's ways of
10 doing business. And in my opinion the way that it's
11 been dealt with is incredibly shortsighted.

12 I recognize that there are some issues, I
13 think there are better tools to use than drastically
14 contrasting the program -- and in my opinion it will
15 drop off 90-plus percent, easily, with this change.
16 This is by far the most effective part of the
17 weatherization program. If we make this change it will
18 drop 90 percent, I can almost guarantee you that that
19 will be my own personal experience.

20 Some other things that Questar has done
21 really that have really rubbed us the wrong way, I got
22 in my bill a letter from Questar showing some things to
23 do and not to do in selecting a contractor. One of
24 those points was avoid contractors who come to your
25 home seeking business. No qualifier, no explanation,

1 just avoid contractors who come to your home seeking
2 business. And they had listed on there, in there, is a
3 quote from the Utah Division of Consumer Protection.
4 Well, I printed the page from Utah Consumer's
5 Protection home improvement list, and it does say to
6 avoid contractors who come to your home seeking
7 business. But then there's a comma, and then there's
8 quite a bit more information. It also says "unless
9 you're able to thoroughly check them out by verifying
10 their contract and business licenses and following the
11 other tips outlined above."

12 There is inherently nothing wrong with those
13 contractors who are going door to door. We are one of
14 them. We usually build homes, but as you can imagine
15 there is quite a few homes on the market, so we're not
16 building a lot of homes lately. We go to new
17 subdivisions, knocking on doors and saying, Hey, do you
18 have an unfinished basement? If so could we put a bid
19 for it? And usually there is some insulation, that's
20 how we got started doing more insulation. There is
21 nothing illegal or unethical about knocking on doors
22 for business. If Questar had an issue with some
23 contractors who were knocking on doors, I feel like it
24 is outrightly shameful that sending a mailer to
25 thousands of, tens of thousands of homes, saying,

1 "avoid any contractors who come to your house seeking
2 business." Period. That is just, I mean, I'm
3 surprised no contractor has sued them for loss of
4 business. I mean, that's just -- if they had a problem
5 with people coming to, you know, they should have
6 qualified it or said why. So that was kind of my first
7 thing.

8 I just want to make sure, and I don't know if
9 the commissioners are going to hear this later or what.
10 I guess -- are they, or?

11 THE COURT: This is the hearing.

12 MR. KIRKLAND. Oh, okay. I don't know who --

13 THE COURT: I'm the hearing officer. The
14 commissioners won't be here.

15 MR. KIRKLAND: I'm just concerned and I
16 wanted to come here because I'm afraid that there are
17 some of the things that have been in the other meetings
18 that I have been to that weren't being heard as far as
19 some suggestions, because when I got the copy of this
20 tariff it seems to me like every contractor and every
21 complaint from every person about what we should do was
22 completely ignored. I don't know whether that was, you
23 know, bureaucratic pride because the idea didn't come
24 from Questar, or what. But there has been a lot of
25 great ideas given by contractors such as perhaps

1 instead of removing that third-party check endorsement
2 feature, using that, make the contractor get on a list
3 of good contractors, and they have to comply with
4 certain marketing, you know, guidelines and sales
5 guidelines, and they have to comply with certain other
6 guidelines to actually get on that list. And then if
7 they, on that good list they can be a third-part
8 endorsed, they can be a third-party check pay. There
9 is other things Questar, I feel, could do to induce the
10 contractors to give them the right behavior.

11 I know this is for Questar, but for Rocky
12 Mountain, I think, you know, my personal opinion, if a
13 house has, let's say, has R20, well, they only qualify
14 for the one rebate, we get them R19 getting them up to,
15 you know, R39, and code is R38. If a house only has
16 R10, most contractors would probably take the whole 70
17 cents from Questar and Rocky Mountain and still only
18 put an R19. The only thing I think I would change is
19 to make, is to have the Rocky Mountain rebate say that
20 they need to get them at least up to code. So if they
21 are R10 and they already get 70 cents for the rebate
22 that contractor needs to put in an R28 to get them up
23 to at least an R38 code. That would be a
24 recommendation that I would make that I think would
25 make a drastic improvement in some of the issues that

1 Questar and Rocky Mountain are seeing. I understand
2 that is more for Questar -- or for Rocky Mountain.

3 Again, I didn't think I was going to be the
4 first one up here, so right now that's all I can think.

5 And if there is questions or
6 cross-examination or whatever, I would be happy to give
7 it.

8 THE COURT: Okay.

9 Anybody else? Okay, then.

10 MS. SCHMID: The Division has a revision to
11 its recommendation, and I would like to make that at
12 some point when you feel it's appropriate.

13 MR. PROCTOR: Judge, I believe the gentleman
14 has --

15 MR. KIRKLAND: One more thing, Judge?

16 THE COURT: Sure.

17 MR. KIRKLAND: Sorry. One other thing.

18 If we absolutely agree that it's going to be
19 changed to 20 cents, then I would at the very least ask
20 that we give some sort of time frame. We have
21 contracts right now in place that, for example, I have
22 got an apartment complex to be done next week,
23 Wednesday Thursday and Friday. If that's changed as of
24 April 1st we will have to go in and cancel those
25 contracts. And I think if we are going to change it

1 which, again, I don't think is a good idea, but if we
2 do, at least give the contractors a window of 60 days
3 or something to be able to fulfill contracts that we
4 have already made. Don't force us to breach our
5 contracts.

6 That's it.

7 THE COURT: Thank you.

8 Nathan Pickett.

9 MR. PICKETT: Yes.

10 THE COURT: Would you like to testify under
11 oath?

12 MR. PICKETT: Okay.

13

14 (Whereupon, Mr. Pickett was first duly sworn,
15 and testified as follows).

16

17 THE COURT: Thank you. Have a seat.

18 Would you state your name and address,
19 please.

20 MR. PICKETT: Nathan Pickett, 1368 North 100
21 West, Layton.

22 THE COURT: Go ahead with your statement.

23 MR. PICKETT: I have worked with an
24 insulation company for over six years, and having sold
25 insulation, attic insulation, prior to the rebate,

1 during the rebate and what I hope to be long past the
2 rebate bill, qualifies me more to make a suggestion as
3 a witness to the program and some of the effectiveness
4 of it. And as others stated today as I was listening
5 definitely I want to thank Questar because this has
6 been a great boost to our business and has helped us in
7 a slow time be unique in the industry that we have
8 things to do every day. And I appreciate that.

9 And I don't know exactly what the objective
10 is with lowering the rate from 30 cents to 20 cents a
11 square foot, which is part of a concern that I have had
12 actually for the last six months of the program is that
13 objectives and communication has not been very clear
14 from Questar as far as what is expected of the
15 contractor such as the company that I work for.

16 In many ways, and if you want examples of
17 them I can give them to you afterwards, but they have
18 done some great things recently. One of them was the
19 elimination of the third-party check. I believe that
20 that was a blank check to a lot of unscrupulous
21 contractors out there who, unfortunately even the good
22 ones were affected by. It was a way that that
23 eliminated some of the bad practices that were going
24 on, because the checks weren't just simply going to
25 contractors, eliminating that relationship between

1 contractor and the homeowners that were being taken
2 advantage of. And I'm curious how much that has
3 affected, if any, of the rebates that have been coming
4 in.

5 Is there, is this an opportunity to ask a
6 question or just simply state --

7 THE COURT: You can essentially ask any
8 questions and Questar will be available --

9 MR. PICKETT: Have you seen any benefit in --

10 THE COURT: -- after the testimony.

11 MR. PICKETT: Oh. After the testimony. Oh,
12 Okay. I didn't hear that part.

13 Because I think that was a good thing, I
14 think that even though it affected some good people, in
15 fact, being a contractor, part of the program for three
16 years, we never utilized the third-party check system
17 well in over two years, and it was news to me in about
18 October that contractors could actually receive that
19 check even though it was my understanding that it only
20 went to tenants. And I believe that was just
21 misunderstanding and a miscommunication. So as a
22 suggestion I would say it would be more helpful in the
23 future to have classes and have education for
24 contractors that are going to be participating in this
25 program, because I believe even though some may have

1 had ill intentions, the majority of contractors that
2 have made mistakes or created problems did so more out
3 of not having the proper knowledge from Questar and
4 what was needing to take place.

5 And with the 20 cents a square foot drop,
6 again, not having known maybe what the consequence was
7 or the benefit of the elimination of the third-party
8 check, maybe a little -- it's going to be too much for
9 the program unless the objective is to suspend the
10 program or slow it down to the point where it can be
11 re-evaluated, then maybe that is the objective of
12 lowering to 20 cents a square foot. But that is what
13 it's going to do in my opinion, it's going to simply
14 stop the flow of work that's going to be completed,
15 you're not going to have nearly the amount of attics
16 being completed, and it's only going to introduce more
17 of a problem especially as we set a date April 1st,
18 April 15th, April 30th, whatever it is, but these
19 attics need to be done by this specific date is only
20 going to increase the likelihood of fraud in my
21 opinion, because companies going door to door, not that
22 that is necessarily a bad thing, because I think that's
23 great going door to door, but maybe an unscrupulous or
24 dishonest contractor who is either calling or goes door
25 to door, so, I don't mean to make that my intention

1 here, but is going to use that as a pressure point to
2 push homeowners into doing this, will, again, not
3 achieve the objective of the program. There is a need
4 for an approval contract list, so there needs to be
5 some sort of training, some sort of approval process
6 where contractors can be approved to do this work;
7 otherwise fraud will continue and there will be
8 problems in the program unless those type of things are
9 addressed. A simple rate cut is not going to help
10 anything, except -- or hurt everyone who has been part
11 of the program prior to and long past.

12 So hopefully my point has been conveyed there
13 with that exactly. Dropping the rate, although it may
14 seem like a quick fix, I believe will just simply turn
15 off the program and not achieve the objective of
16 actually insuring that the proper insulation levels are
17 still reached and incentivize customers to do the
18 insulation because simply they either won't have the
19 money to do it, or the ones, the contractors, that are
20 left that can find a way to do it at 20 cents a square
21 foot will continue to do it and probably won't be the
22 ones that have a business reputable enough to sustain
23 35 cents or need 35 cents at least to sell the
24 insulation.

25 THE COURT: Okay. Thank you Mr. Pickett.

1 Any other questions?
2 Any more witnesses?
3 We have one more?
4 Scott Giles. Is that it?
5 MR. GILES: Yes.
6 THE COURT: Come on up, Mr. Giles.
7 Would you like to testify under oath?
8 MR. GILES: Oh, no. That is not important to
9 me.
10 THE COURT: Okay. Let me explain to you, you
11 can testify under oath and if you do your testimony can
12 be considered by the Commission.
13 MR. GILES: That's fine, I will do that. I
14 would like to do that now then.
15 THE COURT: Okay. If you will raise your
16 right hand for me.
17
18 (Whereupon, Mr. Giles was first duly sworn,
19 and testified as follows).
20
21 MR. GILES: All right. Thank you.
22 THE COURT: Have a seat right there.
23 And could you state your name and address.
24 Business address is fine.
25 MR. GILES: Okay.

1 Scott Giles, I work at 611 West 9560 South,
2 in Sandy, Utah.

3 What we wanted to address is that our initial
4 entrance into the business was because we were also
5 contractors with some experience in the building field,
6 and we noticed that there was an opportunity. And like
7 everyone else we came out to just capitalize on
8 whatever we could do to stay afloat in this
9 marketplace. What we found out very early was that we
10 were not able to acquire the enticing dealings that
11 were represented in some of the news programs recently,
12 whereas our first two blowing installs appropriately
13 done as a general contractor through a superior
14 insulation cost us 42 cents a square foot. The
15 difference in a job well done and a job done
16 inappropriately in that industry is that you can go
17 into any job and suggest to a homeowner and suggest
18 that a job has been properly done. And we found out
19 very quickly that there is a requirement that the
20 manufacturer recommends and there is also a requirement
21 that seems to be recommended by measuring the number
22 of, the required number of inches being blown in. We
23 were upside down at 35 cents. We couldn't do it as
24 cheaply as some of our other competitors, so we found a
25 niche market for ourselves, we began to do floors. And

1 that's something that other contractors wouldn't
2 address. We came into the market, we knocked on doors,
3 they would say, No, our contractor did a blow-in.
4 Because we found that be to very profitable, the
5 flooring didn't have the room or the market they were
6 interested in when they were completing an insulation
7 job. So I was listening with some interest to the
8 program that aired two weeks ago on Channel 5, and the
9 most interesting part of that whole program was that
10 she suggested homeowners could acquire these great
11 prices that I couldn't as a general contractor get.
12 And those prices are not existent, especially -- well,
13 they might be existent. They were unavailable to us.
14 Later on we became informed and became aware of how to
15 buy that product cheaper and still require that our
16 installer instal the required number of bags that an
17 appropriate blow-in requires and not just blow it in
18 until the inch level is reached, which is a
19 considerable difference.

20 We have talked with some people who were
21 leaving the job behind at six bags that should have had
22 ten bags in the attic. We leave a blowing bag, we show
23 them how many bags of insulation are installed. And it
24 costs a lot more to do it that way, but we are
25 interested in doing it correctly.

1 Also, I defy anyone, especially, they had a
2 Division of Commerce comment from a lady on the news.
3 Her comment was, Don't take advantage of the customers.
4 I would defy her to put up her money, you know, for the
5 amount it costs to do a floor, put up her money for the
6 difference there is in the profits.

7 My first floor install price from superior
8 insulation, to the contractor and the supplier over the
9 years, hundreds of homes we built, and all we probably
10 used in all of them was 61 cents. That allowed us 7
11 cents. Now, that would have taken us out of the
12 business. We found better pricing later on. But I
13 don't think you're going to find flooring to be
14 affordable.

15 A lot of smart builders have done well and
16 done it correctly, and I have no fault with you. But
17 the lady on the news, I would like to borrow some of
18 her money and let's roll that out for eight weeks while
19 we take that nice heaping profit that you can actually
20 put in your own pocket if they pay you back.

21 So anyway. That's all I have got to say.

22 THE COURT: Thank you, Mr. Giles.

23 MR. GILES: Thank you.

24 THE COURT: Any other witnesses?

25 Okay.

1 Did you want to go ahead and amendment your
2 testimony?

3 MS. SCHMID: Yes.

4 After hearing the testimony today, learning
5 of Rocky Mountain Power's filing and other matters, the
6 Division is revising it's recommendation that the two,
7 suggesting that the tariff change be implemented no
8 sooner than 30 days after the Commission's decision on
9 this matter. The Division will file a memorandum today
10 addressing this issue in more detail.

11 THE COURT: Okay. Thank you, Ms. Schmid.
12 Anything further?

13 MS. BYDE: Yes.

14 I would like to say that we appreciate the
15 commentary from the Division and the comments from the
16 public witnesses today. Questar Gas is certainly
17 amenable to whatever the Commission determines as is
18 appropriate. We have been listening carefully to the
19 comments we received today, and we appreciate them.

20 THE COURT: Okay.

21 What we will do, we will recess until 5:30.
22 At 5:30 I will be back on the Bench.

23 If anybody should come in we will hear them.
24 And then at 5:30 we will go ahead and conclude this
25 hearing.

1 So we will recess for now.

2

3 (Whereupon a recess was taken.)

4

5 THE COURT: Back on the record.

6 I think that clock is a little slow. My time
7 says 5:30.

8 So there is no more witnesses?

9 And so anything else from the parties? Any
10 comments? No?

11 Then this concludes our hearing.

12 Public witnesses and hearing, thank you.

13

14 (ADJOURNED.)

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STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

I, CHARLES T. GILBERT, Registered Professional Reporter and Notary Public for the State of Utah, certify:

That the foregoing Public Hearing was taken before me pursuant to Notice at the time and place therein set forth;

That the testimony of the witnesses and all objections made at the time of the examination were recorded stenographically by me and were thereafter transcribed under my direction;

I FURTHER CERTIFY that I am neither counsel for nor related to any party to said action nor in anywise interested in the outcome thereof

IN WITNESS WHEREOF, I have subscribed my name and affixed my seal this 2nd day of April, 2009.

CHARLES T. GILBERT, RPR
Notary Public in and for the
County of Salt Lake, State of Utah

My Commission Expires:
April 25, 2012