

June 30, 2009

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

Dear Commissioners:

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

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

In the letter dated March 25, 2009 Questar Gas reported to the Commission that the ThermWise Weatherization program had exceeded ninety percent of the 2009 budget. At that time, the Company projected in Attachment 1 of that letter total 2009 Weatherization program spending of \$9,085,166. Since that time, participation in the Weatherization program has continued to increase. At the end of May 2009 spending for the Weatherization program totaled \$17,171,300 or 349% of the 2009 Commission approved budget. The Company expects that participation in the Weatherization program will remain high through the remaining seven months of 2009 but that program spending will decrease as the new rebate amounts ordered by the Commission in Docket No. 09-057-T04, dated March 31, 2009 (Order) go into effect. Attachment 1 (DSM Program Budget Variance Report) details the expenditures and Dth savings through May 31, 2009, the 2009 Budget, and projections for spending and Dth savings for the full budget year and related percentages.

Questar Gas also reports that in the month of May 2009 the ThermWise Multi-family program not only reached ninety percent of budget but also surpassed one hundred percent of the 2009 budget. At the end of April, the Multi-family program had expenses of \$1,560,627 or 75% of the total 2009 Multi-family Rebates budget. Expenses in the month of May totaled \$1,041,587. This resulted in the program reaching a total of

\$2,602,214 or 124% of the 2009 Multi-family Rebates program budget. Of that amount, customer rebates currently account for 94% of total program spending.

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

As can be seen on Attachment 1, Column D, Row 10, expenditures for total budget at the end of May, including all DSM Programs and Market Transformation, are 137%. The Company expects that year-end expenses for the Appliance, Weatherization and Multi-family programs will exceed the original 2009 DSM projections. The remaining ThermWise programs are expected to end the year at or below the 2009 DSM projections. As shown in Attachment 1, Column F, Row 10, the Company expects total spending for the ThermWise programs to reach 229% of the original 2009 DSM budget projections.

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

The total projected DSM program expenses for 2009 are expected to exceed the original budget projections as approved by this Commission. However, the additional expenses are directly related to customer rebates and Dth saved which increases the cost effectiveness of the DSM programs. To the extent the projected increase in the budget expenses need Commission approval, Questar Gas respectfully requests that the Commission approve the higher program budget levels.

Respectfully Submitted,

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

cc: Division of Public Utilities  
Committee of Consumer Services