



Questar Gas Company

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UTAH PUBLIC
SERVICE COMMISSION
October 5, 2007

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

RECEIVED

Dear Commissioners:

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

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

Per the Order, Questar Gas reports that five programs have or will reach ninety percent of the 2007 budget. The five programs that have either reached, or will likely reach, the ninety percent mark by year end are the: 1) Residential Home Energy Audit and Weatherization Rebates Program; 2) Commercial Rebates Program; 3) Low Income Weatherization Assistance Program; 4) Residential Appliance Rebates Program; and 5) Market Transformation Initiative. Attachment 1 (DSM Program Budget Variance Report) details, by program, the actual expenditures and Dth savings through August 31, 2007, the 2007 Budget, and projections for spending and Dth savings for the full budget year and related percentages.

As can be seen on Attachment 1, Column D, Row 7, expenditures for total budget, including all DSM Programs and Market Transformation, is currently under the ninety percent mark and is projected to end the year below budget.

Two of the programs, the Low Income Weatherization Assistance Program and the Market Transformation Initiative, that are at or over the 90% mark are significantly within the control of Questar Gas. The Company does not anticipate these two programs exceeding the annual budget. For these two programs, no Commission action is requested.

Two programs at or near ninety percent of budget and expected to exceed the annual budget are variable in nature due to customer participation rates. These programs are experiencing higher than projected customer participation resulting in higher customer rebate totals and even higher related Dth savings than budgeted. These programs are the weatherization rebates portion of the Residential Audit and Weatherization Rebates Program and the Commercial Rebates Program. In each of these programs, the higher customer participation rates result in higher total customer rebates and related increased Dth savings.

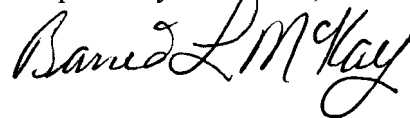
In the two programs identified above, higher customer participation rates will improve the overall program cost effectiveness. Attachment 1, Lines 1 through 7, shows, by program, the actual costs compared to budget and projected spending for the year. Lines 8 through 14 shows, by program, the actual Dth saved compared to the budget and an updated projection for the year.

For both the individual programs expected to exceed budget and the combination of all DSM programs, this attachment shows the increase in Dth saved is greater than the projected increase in the budget.

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

The total projected DSM program costs for 2007 do not exceed the budget approved by this Commission. To the extent the projected increase in the budget for the Residential Audit and Weatherization Rebates Program and the Commercial Rebates program need Commission approval, Questar Gas respectfully requests that the Commission approve the higher program budget levels.

Respectfully Submitted,



Barrie L. McKay
Manager Regulatory Affairs
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cc: Division of Public Utilities
Committee of Consumer Services

DSM PROGRAM BUDGET VARIANCE REPORT
As of August 31, 2007

Program	Actual Costs	2007 Budget	Percent of Budget	Projected 2007 Spending	Projected % of Budget
(A)	(B)	(C)	(D)	(E)	(F)
1 Residential Audit And Weatherization	\$ 820,898	\$ 922,403	89.00%	\$ 1,708,837	185.26%
2 Energy New Star Homes	\$ 403,383	\$ 2,797,908	14.42%	\$ 1,087,021	38.85%
3 Residential Appliance	\$ 1,144,612	\$ 1,846,597	61.98%	\$ 1,768,257	95.76%
4 Commercial Rebates	\$ 217,104	\$ 260,914	83.21%	\$ 565,550	216.76%
5 Market Transformation	\$ 791,916	\$ 910,680	86.96%	\$ 910,680	100.00%
6 Low Income Weatherization	\$ 250,000	\$ 250,000	100.00%	\$ 250,000	100.00%
7 Programs Total	\$3,627,913	\$ 6,988,502	51.91%	\$ 6,290,345	90.01%

Deemed Natural Gas Savings

Program	Actual Dth Saved	2007 Estimated Dth	Percent of Estimate	Revised 2007 Dth	Projected % of Estimate
(A)	(B)	(C)	(D)	(E)	(F)
8 Residential Audit And Weatherization	12,632	12,366	102.15%	27,842	225.15%
9 Energy New Star Homes	5,062	64,876	7.80%	11,333	17.47%
10 Residential Appliance	19,663	45,622	43.10%	39,323	86.19%
11 Commercial Rebates	17,756	10,587	167.72%	47,348	447.23%
12 Market Transformation	N/A	N/A	0.00%	N/A	0.00%
13 Low Income Weatherization	2,541	2,541	100.00%	2,541	100.00%
14 Programs Total	57,654	135,992	42.40%	128,387	94.41%