

2.12 DEMAND-SIDE MANAGEMENT (DSM)**DSM PROGRAMS**

In Docket No. 05-057-T01, on October 5, 2006, the Commission approved a three-year DSM pilot program in which the Company would design and implement cost effective DSM programs that would encourage residential and commercial customers receiving service on a GS rate schedule to purchase and install energy-efficiency products and appliances. The DSM programs offered by the Company are explained in the following sections:

§ 2.13 Residential Appliance Program

§ 2.14 ENERGY STAR® New Homes Program

§ 2.15 Commercial Rebate Program

§ 2.16 Residential Home Energy Audit & Weatherization Program

§ 2.17 Low Income Weatherization Program

Qualifying appliances and/or measures will be eligible for monetary incentives under only one of the above-listed programs.

DEFERRED ACCOUNT ACCRUAL

The Company shall record all DSM-related expenses in the DSM Deferred Account (Account 182.4).

AMORTIZATION OF ACCRUAL

No less frequently than semi-annually, the Company will file with the Commission an application to amortize the balance in Account 182.4. The balance will be amortized by a uniform percentage increase or decrease to the GS-1 and GSS DNG block rates of the magnitude necessary to amortize the balance over one year.

“TWO-WAY” CARRYING CHARGE

An annual interest rate of 6% simple interest (.50% per month) shall be applied monthly to the DSM Deferred Account balance, as adjusted for the corresponding tax deferral balance in Account 283. The DSM Deferred Account will be increased by the carrying charge.

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2.13 RESIDENTIAL APPLIANCE PROGRAM

PROGRAM DESCRIPTION

Through the Residential Appliance Program, the Company offers a monetary incentive to a separately metered residence receiving service on a GS rate schedule. A qualifying residence is a separately metered dwelling unit in a structure that has up to and including four separately metered residential dwelling units.

An incentive under the Residential Appliance Program is paid directly to a person for purchasing and installing a qualifying measure at the qualifying residence. Qualifying measures are listed below in the Residential Appliance Table. This includes the replacement of existing appliances as well as first-time installations.

A person may receive incentives for up to two of each type of measure purchased and installed- per separately metered dwelling unit. For example, an incentive will be paid for up to two high-efficiency furnaces and two high-efficiency water heaters, etc., purchased and installed per dwelling unit.

QUALIFICATION REQUIREMENTS AND INCENTIVE AMOUNTS

To receive an incentive payment, customers must submit a completed application form and any required supporting documentation. The following requirements and incentives to customers are applicable for the Residential Appliance Program efficiency measures.

<u>RESIDENTIAL APPLIANCE TABLE</u>			
<u>Residential Program Efficiency Measure</u>	<u>Qualification Requirement</u>	<u>Minimum Efficiency Of New Equipment</u>	<u>Incentive Amount</u>
<u>High-Efficiency Gas Furnace</u>	<u>N/A</u>	<u>AFUE of 90% or greater</u>	<u>\$300.00</u>
<u>High-Efficiency Storage Gas Water Heater</u>	<u>Minimum of 40 gallons</u>	<u>Energy Factor of 0.63 or greater</u>	<u>\$50.00</u>
<u>High-Efficiency Tankless Gas Water Heater</u>	<u>N/A</u>	<u>Energy Factor of 0.80 or greater</u>	<u>\$300.00</u>
<u>Gas Clothes Dryer</u>	<u>N/A</u>	<u>Gas Dryer with moisture sensor</u>	<u>\$30.00</u>
<u>Clothes Washer</u>	<u>Gas Water Heater</u>	<u>MEF of 1.72 to 1.99</u>	<u>\$50.00</u>
		<u>MEF of 2.00 or greater</u>	<u>\$75.00</u>
<u>Definitions: AFUE Annual Fuel Utilization Efficiency</u> <u>MEF Modified Energy Factor</u>			

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2.14 ENERGY STAR® NEW HOMES PROGRAM

PROGRAM DESCRIPTION

A residential homebuilder or owner-builder (Builder) can receive a monetary incentive for implementing a qualifying measure, shown below in the New Homes Table, in a newly constructed residence that is receiving service on a GS rate schedule. A qualifying residence is a separately metered dwelling unit in a structure that has up to and including four separately metered residential dwelling units.

Incentives under the ENERGY STAR® New Homes Program will be paid directly to a Builder for implementing the qualifying energy-efficiency natural gas measures. Qualifying appliances and measures are listed in the New Homes Table.

A Builder will receive an incentive for up to two of each type of appliance or measure purchased and installed per separately metered dwelling unit. For example, an incentive will be paid for up to two high-efficiency furnaces and two high-efficiency water heaters purchased and installed per dwelling unit.

In addition, an incentive will be paid for a dwelling unit that qualifies for an ENERGY STAR® Whole House Certification. Field verification and an ENERGY STAR® certificate will be required from the Builder before the ENERGY STAR® Whole House Certification incentive will be paid. In order to receive both the ENERGY STAR® Whole House Certification incentive and the appliance incentives, the ENERGY STAR® Whole House Certification must be achieved without consideration of the high-efficiency gas space- and water-heating appliances.

ENERGY STAR® WHOLE HOUSE CERTIFICATION

To qualify for the ENERGY STAR® Whole House Certification, a dwelling unit must have natural gas space- and water-heating and achieve a Home Energy Rating System (HERS) index of 85 or less through a combination of envelope (insulation, windows, doors, etc.) and/or heating and water heating system and equipment upgrades. Windows must have a minimum U-value of 0.35 and a Solar Heat Gain Coefficient that meets the ENERGY STAR® minimum for the applicable climate zone. For a dwelling unit with duct work located in an unconditioned space, the Builder must provide documentation of the performance of a duct system test that shows gross or net duct leakage of no more than 6% of the heated floor area in cubic feet per minute measured at a test pressure of 50 Pascals in the duct system. For dwelling units with duct work located in a conditioned space, the duct system test will not be required.

MEASURES, QUALIFICATION REQUIREMENTS AND INCENTIVE AMOUNTS

To receive an incentive payment, customers must submit a completed application form and any required supporting documentation. The New Homes Table provides applicable measures, qualifications and incentive amounts.



NEW HOMES TABLE

<u>ENERGY STAR® New Homes Program Efficiency Measure</u>	<u>Minimum Efficiency Qualification</u>	<u>Incentive Amount</u>
<u>High-Efficiency Gas Furnace</u>	<u>AFUE of 90% or greater</u>	<u>\$300.00</u>
<u>High-Efficiency Gas Water Heater between 40 and 80 gallons in capacity</u>	<u>Energy Factor of 0.63 or greater</u>	<u>\$50.00</u>
<u>High-Efficiency Tankless Gas Water Heater</u>	<u>Energy Factor of 0.80 or greater</u>	<u>\$300.00</u>
<u>ENERGY STAR® Whole House Certification</u>	<u>HERS Index of 85 or Less</u>	<u>\$500.00</u>
<u>Definitions: AFUE Annual Fuel Utilization Efficiency</u> <u>HERS Home Energy Rating System</u>		

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2.15 COMMERCIAL REBATE PROGRAM

PROGRAM DESCRIPTION

Through the Commercial Rebate Program, the Company offers monetary incentives to a separately metered commercial unit receiving service on a GS rate schedule.

An incentive under the Commercial Rebate Program is paid directly to a person for purchasing and installing a qualifying measure at the qualifying commercial unit. Qualifying measures are listed below in the Commercial Rebate Table. Qualifying measures include those that target cost-effective natural gas savings including retrofits of existing systems as well as first-time installations.

QUALIFICATION REQUIREMENTS AND INCENTIVE AMOUNTS

To receive an incentive payment, customers must submit a completed application form and any required supporting documentation. The following requirements and incentives to customers are applicable to the Commercial Rebate Program.

<u>COMMERCIAL REBATE TABLE</u>			
<u>Commercial Rebate Program Efficiency Measure</u>	<u>Size Category Of New Equipment</u>	<u>Minimum Efficiency Of New Equipment</u>	<u>Incentive Amount</u>
<u>High-Efficiency Storage Gas Water Heater</u>	<u>75,000 Btu/Hr Input or less</u>	<u>Energy Factor of 0.63 or greater</u>	<u>\$50.00</u>
	<u>Greater than 75,000 Btu/Hr Input</u>	<u>Efficiency of 82% or greater</u>	<u>\$2.00 per kBtu/Hr Input</u>
<u>High-Efficiency Tankless Gas Water Heater</u>	<u>N/A</u>	<u>Energy Factor of 0.80 or greater</u>	<u>\$2.00 per kBtu/Hr Input</u>
<u>High-Efficiency Gas Clothes Washer</u>	<u>Residential Clothes Washer Used in a Business.</u>	<u>MEF of 1.72 to 1.99</u>	<u>\$50.00</u>
		<u>MEF of 2.00 or greater</u>	<u>\$75.00</u>
	<u>Clothes Washer Used in a Laundromat</u>	<u>MEF of 1.42 or greater, and WF of 9.5 or less</u>	<u>\$150.00</u>
<u>Gas Clothes Dryer</u>	<u>N/A</u>	<u>Moisture Sensor</u>	<u>\$30.00</u>
<u>Low-Flow Pre-Rinse Spray Valve</u>	<u>N/A</u>	<u>1.6 GPM (retrofit only)</u>	<u>\$25.00</u>

COMMERCIAL REBATE TABLE (Continued)

<u>Commercial Rebate Program Efficiency Measure</u>	<u>Size Category Of New Equipment</u>	<u>Minimum Efficiency Of New Equipment</u>	<u>Incentive Amount</u>
<u>High-Efficiency Gas Furnace</u>	<u>N/A</u>	<u>ENERGY STAR® Furnace AFUE Of 90% or greater</u>	<u>\$200.00</u>
		<u>CEE Tier II: AFUE Of 92% or greater</u>	<u>\$300.00</u>
		<u>CEE Tier III: AFUE of 94% or greater</u>	<u>\$400.00</u>
<u>Gas Boilers (hot water)</u>	<u>Less than 300,000 Btu/Hr Input</u>	<u>AFUE of 85% or greater</u>	<u>\$2.00 per kBtu/Hr Input</u>
	<u>300,000 Btu/Hr Input or greater</u>	<u>Thermal Efficiency Of 90% or greater</u>	<u>\$3.25 per kBtu/Hr Input</u>
<u>Gas Boilers (steam)</u>	<u>Less Than 300,000 Btu/Hr Input</u>	<u>AFUE of 85% or greater</u>	<u>\$2.00 per kBtu/Hr Input</u>
	<u>300,000 Btu/Hr Input or greater</u>	<u>Thermal Efficiency Of 82% or greater</u>	<u>\$2.00 per kBtu/Hr Input</u>
<u>Direct Contact Gas Water Heater</u>	<u>N/A</u>	<u>Thermal Efficiency Of 90% or greater</u>	<u>\$1.10 per kBtu /Hr Input</u>
<u>High-Efficiency Gas Unit Heater</u>	<u>N/A</u>	<u>Thermal Efficiency of at least 83% and less than 90%</u>	<u>\$1.25 per kBtu/Hr Input</u>
		<u>Thermal Efficiency Of 90% or greater</u>	<u>\$6.00 per kBtu/Hr Input</u>
<u>Infrared Gas Heating System</u>	<u>N/A</u>	<u>Infrared Gas Heating System</u>	<u>\$5.00 per kBtu/Hr Input</u>
<u>Programmable Thermostat</u>	<u>N/A</u>	<u>2006 ENERGY STAR® Requirements</u>	<u>\$25.00</u>
<u>Gas Boiler Outside Air Reset Control</u>	<u>N/A</u>	<u>Gas Boiler Outside Air Reset Control</u>	<u>\$250.00</u>
<u>Gas Boiler Tune-up</u>	<u>N/A</u>	<u>Comply with boiler tune up program requirements</u>	<u>\$300.00</u>
<p><u>Definitions:</u> <u>AFUE</u> <u>Annual Fuel Utilization Efficiency</u> <u>MEF</u> <u>Modified Energy Factor</u> <u>WF</u> <u>Water Factor</u> <u>CEE</u> <u>Consortium for Energy Efficiency</u> <u>BTU/Hr</u> <u>British Thermal Units per Hour capacity</u> <u>kBTU/Hr</u> <u>Thousands of British Thermal Units per Hour capacity</u></p>			

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2.16 RESIDENTIAL HOME ENERGY AUDIT AND WEATHERIZATION PROGRAM

PROGRAM DESCRIPTION

Through the Residential Home Energy Audit and Weatherization Program, the Company offers a monetary incentive to a customer with a separately metered residence receiving service on a GS rate schedule. A qualifying residence is a separately metered dwelling unit in a structure that has up to and including four separately metered residential dwelling units.

The Residential Home Energy Audit and Weatherization Program will include two primary components: 1) home energy audits and energy-efficiency measures listed below in Home Energy Audit Table, and 2) weatherization-efficiency measures listed below in the Weatherization Table.

HOME ENERGY AUDITS

The home energy audit includes the following two separate audit components: 1) a self-completed mail-in survey can be sent to the customer at no charge, or 2) a Company technician will conduct an in-home audit for a fee as described below. A participating customer will receive a customized report recommending home improvements that can be implemented to reduce natural gas usage.

During the in-home audit, the technician will offer certain energy-efficiency measures, identified in the Home Energy Audit Table, at no charge or with a rebate to the qualifying customer. A qualifying customer choosing to complete the audit process via the mail-in survey will be sent a packet containing appropriate energy-efficiency measures for the residence at no charge.

IN-HOME AUDIT FEE

The Company will bill a customer a \$25.00 fee per dwelling unit, plus applicable fees and taxes, for the in-home audit. This fee will be refunded to the customer, including reductions to applicable fees and taxes, upon implementation of any Company recommended energy-efficiency measures related to Company-sponsored incentive programs, excluding those provided in conjunction with the Home Energy Audit as shown in the Home Energy Audit Table.

WEATHERIZATION EFFICIENCY MEASURES

An incentive for a qualifying weatherization efficiency measure will also be offered under this program as shown in the Weatherization Table. For some measures, a customer will be required to have measures installed by a pre-qualified contractor in order to qualify for incentives.

QUALIFICATION REQUIREMENTS AND INCENTIVE AMOUNTS

To have an audit performed, customers must submit a completed survey form. The following requirements and charges to customers are applicable to the Home Energy Audit and Weatherization

Program efficiency measures that will be offered to customers in conjunction with a Home Energy Audit.

HOME ENERGY AUDIT TABLE			
<u>Home Energy Audit Efficiency Measure</u>	<u>Qualification Requirement Of Old Equipment</u>	<u>Minimum Efficiency Of New Equipment</u>	<u>Charge To Customer</u>
<u>Water Heater Blanket¹</u>	<u>Gas water heaters warm to the touch or as determined by auditor</u>	<u>R-7 water heater blanket</u>	<u>No Charge</u>
<u>Pipe Insulation¹</u>	<u>Gas water heater, no pipe insulation</u>	<u>First 4 feet of hot water, first 2 feet of cold water</u>	<u>No Charge</u>
<u>Faucet Aerator²</u>	<u>Gas water heater, faucet of 2.75 GPM or more</u>	<u>Less than 2.0 Gallons Per Minute</u>	<u>No Charge</u>
<u>Low-Flow Shower Head²</u>	<u>Gas water heater, shower head of 3.0 GPM or more</u>	<u>Less than 2.5 Gallons Per Minute</u>	<u>No Charge</u>
<u>Programmable Thermostat³</u>	<u>Gas heat, non-programmable thermostat</u>	<u>2006 ENERGY STAR® Requirements</u>	<u>Market Price less \$30.00 Rebate</u>
¹ <u>Provided and installed</u> ² <u>Provided</u> ³ <u>Rebate</u>			

To receive an incentive payment, customers must submit a completed application form and any required supporting documentation. The following requirements and incentive amounts are applicable to the Weatherization efficiency measures.

WEATHERIZATION TABLE			
<u>Weatherization Efficiency Measure¹</u>	<u>Minimum Efficiency of New Equipment</u>	<u>Professional Installation Required⁴</u>	<u>Incentive Amount</u>
<u>Windows</u>	<u>U of .35; SHGC of 0.33 or better</u>	<u>No</u>	<u>\$0.95 per sq ft</u>
<u>Wall Insulation</u>	<u>Increments of R-11 or higher</u>	<u>No</u>	<u>\$0.45 per sq ft</u>
<u>Attic Insulation</u>	<u>Increments of R-19 or higher</u>	<u>No</u>	<u>\$0.35 per sq ft</u>
<u>Floor Insulation</u>	<u>Increments of R-19 or higher</u>	<u>No</u>	<u>\$0.35 per sq ft</u>
<u>Duct Sealing²</u>	<u>PTCS Levels</u>	<u>Yes</u>	<u>\$225.00</u>
<u>Duct Insulation³</u>	<u>R-6 or higher</u>	<u>Yes</u>	<u>\$250.00</u>
¹ <u>These measures are available to dwelling units heated with natural gas.</u> ² <u>This measure is available to dwelling units with heating ducts in unconditioned spaces.</u> ³ <u>This measure is available to dwelling units with un-insulated heating ducts in unconditioned spaces.</u> ⁴ <u>If "Yes", this measure must be installed by a pre-qualified contractor.</u>			
<u>Definitions: U U-Value (U-Value is the reciprocal of R-Value)</u> <u>SHGC Solar Heat Gain Coefficient</u> <u>PTCS Performance-Tested Comfort System</u>			

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2.17 LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM**PROGRAM DESCRIPTION**

The Low-Income Weatherization Assistance Program is available to weatherize the dwelling units of low-income residential customers receiving service on a GS rate schedule. Each year, in semi-annual payments, the Company will contribute \$250,000 to the Utah Department of Community and Economic Development (DCED) for low-income Questar Gas customers. These funds are used by DCED to address only natural gas related issues. In addition to providing high-efficiency natural gas furnaces, when needed, the funds are used for correcting problems such as gas leaks, high carbon monoxide levels, inappropriate venting of natural gas appliances and adjustment of natural gas appliances. Customers apply for this weatherization assistance through the DCED.

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