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**Division of
Public Utilities**
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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Constance B. White, Director
Energy Section
Marlin H. Barrow, Utility Analyst
Carolyn Roll, Utility Analyst
Artie Powell, Manager

Date: September 10, 2007

Subject: 2nd Quarter Review of 2007 QGC DSM programs, Docket No. 07-057-05

ISSUE:

On January 16, 2007, the Utah Public Service Commission (PSC) issued an order in Docket No. 05-057-T01 authorizing Questar Gas Company to offer a suite of DSM programs to its customers for a three year period as a pilot program. The Division of Public Utilities is required to monitor the development and progress of the DSM programs and report back to the PSC their findings. This is the second quarter report for 2007 on those approved DSM programs.

DISCUSSION:

Five (5) separate DSM programs, which are designed to help customers improve the efficiency of their natural gas consumption, are in QGC DSM program offering. In addition to these programs, funds were



appropriated for a **Market Transformation Initiative** which is designed to help educate natural gas customer's awareness of the need to conserve their consumption of natural gas as an ongoing mind set. The first year annual budget for the DSM Program offerings is \$6.988 million. Four of the five programs contain multiple offerings or measures to help customers reduce their natural gas consumption. They are (1) **Residential Appliance Program**, (2) **Energy Star New Homes Program**, (3) **Commercial Rebate Program** and (4) **Residential Home Audit and Weatherization Program**. The fifth program, **Low Income Weatherization Assistance Program**, increased the annual funding by \$250,000 to a total annual amount of \$500,000 to the Department of Community and Economic Development who administers the funds and provides the expertise to improve energy efficiency for low income residents.

The second quarter report is the first report that shows customer participation in the prescribed DSM Program offerings. The YTD Actual Participants numbers shown represent those customers who have applied for rebates who the DSM program administrators have verified as having met all the qualifications required for program rebates and who have had those rebates mailed out to them.

SUMMARY

The table below summarizes the Benefit Cost Ratios for each program group using the same model that was filed with the original DSM program applications,¹ followed by a table which shows the cost summary of the programs compared to the approved budgets.

Questar Gas Demand Side Management Programs - Results through 2nd Quarter 2007

DEMAND SIDE MANAGEMENT - PROGRAM PORTFOLIO DESCRIPTIONS								
PROGRAMS	Total Resource Cost		Participant Test		Utility Cost Test		Ratepayer Impact Measure Test	
	NPV	B/C	NPV	B/C	NPV	B/C	NPV	B/C
Residential Appliance Program	\$467,255	1.5	\$925,421	2.2	\$720,632	2.2	\$482,360	1.6
Commercial Rebate Program	\$508,601	4.0	\$526,876	4.5	\$563,695	6.0	\$488,391	3.6
Energy Star New Homes	\$47,458	1.1	\$282,395	2.6	\$119,039	1.5	\$50,881	1.2
Residential Home Energy Audit and Weatherization Program	\$117,097	1.3	\$539,422	3.8	\$129,884	1.3	\$24,521	1.0
Low Income Weatherization Program	\$141,630	2.1	\$205,034	0.0	\$141,630	2.1	\$95,558	1.6
Market Transformation	-\$745,592	0.0	\$0	0.0	-\$745,592	0.0	-\$745,592	0.0
Totals	\$536,448	1.2	\$2,479,148	2.9	\$929,288	1.4	\$396,119	1.1

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¹ QGC ran all four California Tests using actual YTD participants, YTD costs and assuming the engineering estimates of savings for each prescriptive program filed in the original application. Cost data for the Low Income Weatherization Program was furnished by Mike Johnson of the Department of Community and Economic Development.

INDIVIDUAL PROGRAM REVIEW

(1) Residential Appliance Program:

The Residential Appliance Program offers consumers six different appliance choices which are shown in the following table along with estimated first year participants, actual YTD participants, first year budget amounts and actual YTD expenditures through June 2007 as well as the activity for the 2nd quarter.

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(2) Energy Star New Homes Program:

The Energy Star New Homes Program is designed to give builders more of an incentive to build homes which meet the Energy Star Home ratings requirements. These incentives can be received either by installing individual appliances as shown in the following table or by building the home to meet the Energy Star Whole Home Certificate requirement.

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(3) Commercial Rebate Program

The Commercial Rebate Program offers fourteen broad measures, some of which have different size or efficiency standards, which are designed to provide fuel savings to commercial operations.

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Residential Home Audit and Weatherization Program.

The Residential Home Audit and Weatherization Program provide consumers the opportunity to have an energy audit, either on site with a qualified technician, or through a mail in questioner form.

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(4) Market Transformation Initiative

The Market Transformation Initiative is an advertising campaign directed at consumers to make them aware of the need to save natural gas energy. Questar Gas Company is offering rebate incentives to consumers to encourage them to use the measures provided in the DSM programs to accomplish that

purpose.

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(5) Low Income Weatherization

This initiative provides increased funding to the Questar Low Income Weatherization program administered through the Department of Community and Economic Development.

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Cc: Barrie McKay, Questar Gas Company
 Dan Dent, Questar Gas Company
 Michele Beck, Committee of Consumer Services
 Rea Petersen, DPU Customer Service
 Francine Giani, Department of Commerce