

C. Scott Brown (4802)  
Colleen Larkin Bell (5253)  
Questar Gas Company  
180 East First South  
P.O. Box 45360  
Salt Lake City, UT 84145-0360  
(801) 324-5556  
(801) 324-5935 (fax)  
colleen.bell@questar.com

Gregory B. Monson (2294)  
Stoel Rives LLP  
201 South Main Street, Suite 1100  
Salt Lake City, UT 84111  
(801) 578-6946  
(801) 578-6999 (fax)  
gbmonson@stoel.com

*Attorneys for Questar Gas Company*

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Evaluation of Questar	)	Docket No. 07-057-05
Demand Side Management (DSM)	)	
Programs	)	<b>QUESTAR GAS COMPANY DEMAND</b>
	)	<b>SIDE MANAGEMENT PROGRAM</b>
	)	<b>EVALUATION REPLY COMMENTS</b>
	)	

Pursuant to the Notice of Separation of DSM Evaluation Plan Issues Into Separate Docket issued August 27, 2007, by the Public Service Commission of Utah (Commission) in this docket, Questar Gas Company (Questar Gas or the Company) respectfully submits its reply comments in response to the Committee of Consumer Services (Committee) comments regarding the adequacy of the Division of Public Utilities' (Division) proposed Evaluation Plan of Questar Gas' Demand Side Management (DSM) Pilot Program (Division Evaluation Plan).

Questar Gas, as detailed in comments filed on August 24, 2007, believes the Division Evaluation Plan is well conceived and addresses the evaluation requirements in an appropriate manner. The Committee, in its comments filed on August 24, 2007, made three recommendations to modify the Division Evaluation Plan.

Committee's First Recommendation: First Year Program estimates should be compared to actual participation levels and savings in order to evaluate whether the DSM programs are "ramping up" in the fashion originally envisioned.

Questar Gas Response: The Company has prepared and submitted to the Division (as required by Commission Order dated January 16, 2007, in Docket No. 05-057-T01) reports that provide detailed data that addresses the Committee's recommendation. The Division incorporated pertinent aspects of these reports in its **2<sup>nd</sup> Quarter Review of 2007 QGC DSM programs, Docket No. 07-057-05 (Division's 2<sup>nd</sup> Quarter Review)** submitted to the Commission on September 10, 2007. The **Division's 2<sup>nd</sup> Quarter Review** details the actual participation levels and savings including calculations of the Benefit/Cost ratios using actual expenditures, participation levels and deemed savings. The Company believes the Committee's desire to have access to this type of data will be satisfied with the quarterly reports the Division will be providing to the Commission.

Furthermore, the RFP for the **First Year Limited Evaluation (FYLE)** will specify that the independent, third-party evaluator will validate the process used to generate the reports prepared by the Company that form the basis for the Division's quarterly reports. There is no need to waste resources by requiring the independent, third-party evaluator to duplicate the entire process/effort.

Committee's Second Recommendation: The relative emphasis in the Evaluation Plan should be addressed by the consultants retained as independent, third-party evaluators. In its

RFP, the Division should require bidders to describe in detail the methods and procedures they propose for DSM program evaluation.

Questar Gas Response: Questar Gas argues that the RFP should require bidders to describe in detail the methods and procedures they propose for DSM program evaluation. However, the Committee has misunderstood the Division's **Report and 1<sup>st</sup> Quarter Review of 2007 QGC DSM Programs, Docket 05-057-T01** to suggest that the Division would be issuing an RFP. The Division is not proposing the Division be the party preparing, issuing, contracting and administering the **FYLE** and/or the **Ongoing Evaluation**. The Division intended that those responsibilities be carried out by the Company. The Company agrees with the Division that the responsibility for this entire process properly lies with Questar Gas, as it does with Rocky Mountain Power for their programs.

The Company will require bidders to specifically identify in detail their methods and processes for designing, developing, implementing and reporting DSM evaluations. However, the notion that the independent third-party evaluators be given the responsibility to write their own RFP with respect to the relative emphasis is inappropriate and unworkable. The proposals for evaluation would not be comparable, and the method for contractor selection would be unknowable. The **FYLE** RFP must provide reasonably detailed specifications of the nature of the work required and the expectations regarding the reports to be prepared.

The Committee's desire to minimize process evaluation in relation to impact evaluation is misguided. The Division and the Company have provided an appropriate level of information on the quantitative performance of the DSM Programs given the short time these programs have been operating. The purpose of the **FYLE** should be to validate and improve the DSM Program processes to enhance cost effectiveness, and inform process and program improvements, rather than attempt to validate energy savings before they have had the time to materialize.

Committee's Third Recommendation: The Division should work with the Committee and other interested parties associated with the Natural Gas DSM Advisory Group in the preparation of the RFP that will be issued to retain third-party evaluators.

Questar Gas Response: The Company will prepare the RFP, and will seek input from the Natural Gas DSM Advisory Group. Just as with any other Company operation, the Company is and should be responsible for drafting the RFP, awarding the contract, negotiating the contract, and administering the contract. The Company will seek input from the Natural Gas DSM Advisory Group, but the responsibility for the process and end results appropriately reside with the Company.

In summary, while we agree that quantitative evaluations are important, the **Division's 2<sup>nd</sup> Quarter Review** provides much of what the Committee desires from the **FYLE**. The independent third-party evaluator will be required to review and validate this report and may suggest improvements to the procedures followed in preparing this report. The primary emphasis of the **FYLE** should be on process with the goal of improving program cost effectiveness. The objective of all parties should be to enhance the cost effectiveness of the DSM Programs, not to prematurely measure energy savings before they've had a chance to happen.

For the reasons stated above, the Company respectfully requests that the Division Evaluation Plan be approved.

RESPECTFULLY SUBMITTED: September 12, 2007.

---

C. Scott Brown  
Colleen Larkin Bell  
Questar Gas Company

Gregory B. Monson  
Stoel Rives LLP

*Attorneys for Questar Gas Company*

**CERTIFICATE OF SERVICE**

This is to certify that a true and correct copy of **QUESTAR GAS COMPANY DEMAND SIDE MANAGEMENT PROGRAM EVALUATION REPLY COMMENTS** was served upon the following persons on the service list by electronic mail on September 12, 2007.

<p>Michael Ginsberg                  Patricia E. Schmid                  Assistant Attorney Generals                  500 Heber M. Wells Building                  160 East 300 South                  Salt Lake City, UT 84111                  mginsberg@utah.gov                  pschmid@utah.gov</p>	<p>Sarah Wright                  Executive Director                  Utah Clean Energy                  917 2<sup>nd</sup> Avenue                  Salt Lake City, UT 84103                  sarah@utahcleanenergy.org</p>
<p>Paul H. Proctor                  Reed T. Warnick                  Assistant Attorney General                  500 Heber M. Wells Building                  160 East 300 South                  Salt Lake City, UT 84111                  pproctor@utah.gov                  rwarnick@utah.gov</p>	<p>Roger J. Ball                  1375 Vintry Lane                  Salt Lake City, UT 84121                  ball.roger@gmail.com</p>
<p>Gary A. Dodge                  Hatch, James &amp; Dodge                  10 West Broadway, Suite 400                  Salt Lake City, UT 84101                  gdodge@hjdllaw.com</p>	<p>Kevin Higgins                  Neal Townsend                  Energy Strategies                  39 Market Street, Suite 200                  Salt Lake City, UT 84101                  khiggins@energystrat.com                  ntownsend@energystrat.com</p>
<p>F. Robert Reeder                  William J. Evans                  Parsons Behle &amp; Latimer                  201 South Main Street, Suite 1800                  P.O. Box 45898                  Salt Lake City, UT 84145-0898                  bobreeder@parsonsbehle.com                  wevans@parsonsbehle.com</p>	<p>Roger Swenson                  Energy Consultant                  US Magnesium LLC                  238 North 2200 West                  Salt Lake City, Utah 84116                  roger.swenson@prodigy.net</p>

Betsy Wolf Utility Ratepayer Advocate Salt Lake Community Action Program 764 South 200 West Salt Lake City, UT 84101 bwolf@slcap.org	
---	--

I also served the above comments upon the members of the Natural Gas DSM Advisory Group by electronic mail on September 12, 2007.

Craig Anderson	Craig.anderson@questar.com
Sara Baldwin	sbaldwin@utahcleanenergy.org
Roger Ball*	Ball.roger@gmail.com
Marlin Barrow	mbarrow@utah.gov
Steve Bateson	Steve.bateson@questar.com
Denise Beaudoin	dbeaudoin@utah.gov
Colleen Bell	Colleen.bell@questar.com
Jeff Callor	Jeff.callor@questar.com
Mark Case	mcase@etcgrp.com
Jamie Dalton	jdalton@utah.gov
Susan Davis	Susan.davis@questar.com
Dan Dent	Dan.dent@questar.com
David Dismukes	dismukes@lsu.edu
Gary Dodge*	gdodge@hjdllaw.com
Kevin Emerson	Kevin@utahcleanenergy.org
Bill Evans	bevans@parsonbehle.com
Justin Farr	jfarr@energystrat.com
Kelly Francone	<a href="mailto:kfrancone@energystrat.com">kfrancone@energystrat.com</a>
Wayne Gelder	Wayne.gelder@questar.com
Howard Geller	hgeller@swenergy.org
Pam Giles	Pam.giles@quetar.com
Dan Gimble	dgimble@utah.gov
John Harvey	jsharvey@utah.gov
Sandra Ishii	Sandra.ishii@questar.com
Mike Johnson	mrjohnson@utah.gov
Don Jones	Don.jones_jr@pacificorp.com
Chris Keyser	ckeyser@utah.gov
Sam Liu	hliu@utah.gov

Jim Meyers	jmeyers@naima.org
Barrie McKay	Barrie.mckay@questar.com
Jeff Millington	Jeff.millington@questar.com
Cheryl Murray	cmurray@utah.gov
Eric Orton	eorton@utah.gov
Artie Powell	wpowell@utah.gov
Phil Powlick	philippowlick@utah.gov
Ritchie Priddy	rdpriddy@aol.com
Carol Revelt	crevelt@utah.gov
Gary Robinson	Gary.robinson@questar.com
Carolyn Roll	croll@utah.gov
Darren Shepherd	Darren.shepherd@questar.com
Tanya Silva	tsilva@utah.gov
Gary Spangenberg	gspangen@utah.gov
Roger Swenson*	roger.swenson@prodigy.net
David Thomson	dthomson@utah.gov
Glen Watkins	Glen.watkins@questar.com
Becky Wilson	rlwilson@utah.gov
Betsy Wolf*	bwolf@slcap.org
Sarah Wright*	sarah@utahcleanenergy.org

\*on service list and member of Natural Gas DSM Advisory Group list