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Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Energy Section
Marlin H. Barrow, Technical Consultant
Artie Powell, Manager

Date: March 18, 2009

Subject: Review of 2008 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 (QGC) to offer a suite of Demand Side Management (DSM) programs to its customers for a three year period as a pilot program. On August 27, 2007, the PSC issued a notice separating the DSM programs from Docket No. 05-057-T01 into Docket No. 07-057-05. The Division of Public Utilities (DPU) is required to monitor the development and progress of the DSM programs and report back to the PSC their findings. This report reviews the 2008 results on those approved DSM programs.

DISCUSSION:

Eight (8) separate DSM programs, which are designed to help customers improve the efficiency of their natural gas consumption, are in the 2008 QGC DSM budget. In addition to these programs, funds were budgeted for a continuation of the **Market Transformation Initiative**. This program is designed to help educate natural gas customers on the benefits of reducing their consumption of natural gas on an ongoing basis. The 2008 annual budget for the DSM Programs

is \$10.5 million. Six of the eight programs contain multiple offerings or measures to help customers reduce their natural gas consumption. They are (1) **ThermWise Appliance Rebates Program**, (2) **ThermWise Multi-Family Rebates Program**, (3) **ThermWise Business Rebates Program**, (4) **ThermWise Builder Rebates Program**, (5) **ThermWise Home Energy Audit Program**, (6) **ThermWise Weatherization Program**. A new program called the **ThermWise Business Custom Rebates Program** has been added to assist businesses in developing energy savings initiatives. The **Low Income Weatherization Assistance Program** continues with an annual funding of \$250,000 from the DSM Pilot program bringing the total annual amount provided by Questar Gas Company to \$500,000. The Department of Community and Economic Development administers the funds and provides the expertise to improve energy efficiency for low income residents.

2008 DSM PROGRAM SUMMARY

The Figure 1 below summarizes the Benefit Cost Ratios for each program (using the same model that was filed with the 2008 DSM program applications on October 1, 2007) updated with 2008 results.¹

Figure 1- 2008 DSM Benefit Cost Ratios

DEMAND SIDE MANAGEMENT ACTUAL PARTICIPANTS FOR THE YEAR ENDED DECEMBER 31, 2008 - PROGRAM PORTFOLIO DESCRIPTIONS (1 Year)									
PROGRAMS	Total Resource Cost		Participant Test		Utility Cost Test		Ratepayer Impact Measure Test		Total Participants
	NPV	B/C	NPV	B/C	NPV	B/C	NPV	B/C	1 Years
Thermwise Appliance Rebate	\$5,916,435	1.9	\$8,632,717	2.2	\$8,236,229	3.0	\$6,020,322	1.9	28,975
Thermwise Business Rebates	\$3,552,510	4.2	\$3,643,950	4.3	\$3,946,641	6.6	\$3,420,626	3.8	838
Thermwise Builder Rebates	\$3,896,876	1.9	\$5,814,224	2.4	\$5,470,374	3.1	\$4,024,807	2.0	4,007
Thermwise Weatherization Rebates	\$12,074,531	2.4	\$16,701,500	2.7	\$13,011,144	2.7	\$9,483,892	1.8	22,718
Thermwise Home Energy Audit	\$110,543	1.2	\$765,231	18.1	\$102,646	1.2	-\$32,595	1.0	3,488
Low Income Weatherization	\$266,120	2.1	\$396,888	N/A	\$266,120	2.1	\$176,938	1.5	271
Thermwise Multi-Family Rebates	-\$31,400	1.0	\$738,336	2.0	\$216,499	1.2	\$13,871	1.0	1,441
Thermwise Business Custom Rebates	\$308,445	3.6	\$330,758	11.4	\$324,210	4.2	\$270,535	2.7	2
Market Transformation	-\$999,149	0.0	\$0	N/A	-\$999,149	0.0	-\$999,149	0.0	850,000
Totals	\$25,094,911	2.1	\$37,023,604	2.6	\$30,574,714	2.7	\$22,379,247	1.9	911,740

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.

Figure 1 shows the net present values to customers of each program as well as all of the programs combined.

Figure 2 below compares, by program, the 2008 actual expenditures with the 2008 annual budget. This figure shows a total expenditure for 2008 of \$18.1 million (Col E ln 10) compared to a budget of \$10.5 million. This \$18.1 million expenditure, net of interest and amortizations, is a net increase of \$12.2 million (Col E ln 15) to the DSM FERC 182.4 account, bringing the year end 2008 balance to \$17.8 million (Col E ln 17).

On February 10, 2009 QGC filed an application, with the Commission in Docket No. 09-057-05, to begin amortizing a balance of \$18.3 million in the DSM account which is the balance as of January 31, 2009, an increase of \$0.5 million over the 2008 end of year balance. The Commission approved that application, on an interim basis, in an order issued on February 26, 2009. That order increased the current DSM amortization rate to \$0.20259/Dth for the GS-1 rate class.

Figure 2: 2008 DSM Energy Efficiency Summary

**QUESTAR GAS COMPANY
DSM ENERGY EFFICIENCY REPORT
YEAR TO DATE THROUGH December 31, 2008
DOCKET NO. 07-057-08**

A	B	C	D	E	F	G	H	I
	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*	TRC B/C Ratio
1 ThermWise Appliance	16,185	28,975	\$ 2,563.3	\$ 4,185.0	163.3%	64,930	105,243	1.9
2 ThermWise Multi-family	2,990	1,441	\$ 1,734.2	\$ 944.2	54.4%	23,585	7,727	0.1
3 ThermWise Builder	3,180	4,007	\$ 2,322.3	\$ 2,592.1	111.6%	49,770	56,259	2.2
4 ThermWise Business	820	838	\$ 502.4	\$ 709.3	141.2%	25,962	41,419	4.8
5 ThermWise Custom Business	50	2	\$ 489.0	\$ 102.9	21.0%	15,395	4,590	0.0
6 ThermWise Audit	3,952	3,488	\$ 631.4	\$ 587.4	93.0%	13,074	9,614	1.1
7 ThermWise Weatherization	2,221	22,718	\$ 782.9	\$ 7,706.3	984.3%	14,157	123,635	2.5
8 Market Transformation	NA	NA	\$ 1,224.9	\$ 999.2	81.6%	NA	NA	0.0
9 Low Income Weatherization	NA	NA	\$ 250.0	\$ 250.0	100.0%	NA	NA	0.0
10 Total	29,398	61,469	\$ 10,500.4	\$ 18,076.4	172.2%	206,872	348,487	2.1
11 DSM Interest				\$ 714.0				
12 DSM Amortization				\$ (6,619.7)				
13 DSM General Administration				\$ -				
14 R&D Funds Transfer			\$ -	\$ -				
15 YTD Increase DSM Acct -182				<u>\$ 12,170.7</u>				
16 December 2007 Balance Acct -182				<u>\$ 5,580.2</u>				
17 DSM Acct Balance as of December 31, 2008				<u>\$ 17,750.9</u>				

*Savings reflects the incremental net Dth deemed savings based on actual YTD participants with an 80% net-to-gross ratio applied.

Based on actual participation for 2008, the expected annual Dth savings for all programs is 348,487. Actual dollars spent in rebates per Dth saved is \$51.15 compared to \$61.9 for the budget.²

Four programs, the ThermWise Appliance (Ln 1), the ThermWise Builder (Ln3), the ThermWise Business (Ln 4) and the Weatherization Program (Ln 7), have all exceeded their annual budgets due to greater customer participation. The ThermWise Multi-family and ThermWise Custom Business programs, both new this year, are still in the developmental stages and their performance was lower than anticipated in the budget. However, the Multi-family program showed strong growth in the last two quarters of the year. The Division will continue to monitor the development of these programs during 2009.

INDIVIDUAL PROGRAM REVIEW

(1) ThermWise Appliance Rebates Program:

The ThermWise Appliance Rebates Program offers consumers eight different energy-efficiency measures which are shown in the following table. All programs with the exception of the Energy Star Clothes Washer-Tier 1 have exceeded budgeted participation with total participation exceeding budgeted participation by 79%. The Energy Star Tier 2 Clothes Washer has the greatest number of participants followed by the High Efficiency Gas Furnace. Total expenditures exceed budget amounts by 63%.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE APPLIANCE REBATES PROGRAM							
1 Energy Star Clothes Washer - Tier 1	3,500	1,839	\$ 175.0	\$ 92.0	52.6%	5,530	2,324
2 Energy Star Clothes Washer - Tier 2	7,500	17,328	\$ 562.5	\$ 1,299.6	231.0%	15,300	28,279
3 High Efficiency Gas Clothes Dryer - Residential	2,000	3,145	\$ 60.0	\$ 94.3	157.2%	2,040	2,566
4 High Efficiency Gas Water Heater - Residential	200	341	\$ 10.0	\$ 17.0	170.0%	380	518
5 Tank Less Gas Water Heater - Residential	225	506	\$ 67.5	\$ 151.8	224.9%	2,295	5,161
6 High Efficiency Gas Furnace	2,700	5,681	\$ 810.0	\$ 1,704.3	210.4%	38,340	64,536
7 Residential Boiler	50	103	\$ 20.0	\$ 41.2	206.0%	895	1,475
8 Solar Assisted Water Heating	10	32	\$ 7.5	\$ 24.0	320.0%	150	384
9 Administrative & Overheads	NA	NA	\$ 850.8	\$ 760.8	89.4%	NA	NA
10 TOTAL	16,185	28,975	\$ 2,563.3	\$ 4,185.0	163.3%	64,930	105,243

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

² Dth savings for all programs in this report reflects net Dth deemed savings based on actual participants and engineering estimates with an 80% net to gross ratio applied to account for free rider-ship.

The actual expected annual Dth savings for the ThermWise Appliance Rebates Program is 105,243. Actual dollars spent in rebates per Dth saved is \$32.54 compared to \$32.97 for the budget.

(2) ThermWise Multi-Family Rebates Program:

The ThermWise Multi-Family Rebates Program, a new program for 2008, is designed to allow those customers who live in or own multi-family housing units to participate in DSM programs. Although total participation for the year was only 48% of anticipated participation, the 3rd quarter saw participation grow from 26 to 648 with the 4th quarter seeing an additional 793 participants. Attic insulation and furnace replacements saw the most participation followed by rebates for ENERGY STAR multi-family rated units. It is expected that with time, this program will continue to see increased participation with more exposure to the target market.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE MULTI-FAMILY REBATES PROGRAM							
1 In-unit Gas Storage Water Heaters	20	-	\$ 1.0	\$ -	0.0%	38	
2 In-unit Clothes Washers	200	85	\$ 10.0	\$ 6.4	64.0%	316	139
3 In-unit Furnaces	150	344	\$ 45.0	\$ 103.2	229.3%	1,016	1,863
4 In-unit Clothes Dryers	100	-	\$ 3.0	\$ -	0.0%	102	
5 Common Area Storage Water Heaters	20	29	\$ 1.0	\$ 1.7	170.0%	38	53
6 Common Area Clothes Washers	200	21	\$ 10.0	\$ 1.1	11.0%	316	27
7 Common Area Coin Operated Gas Dryers	100	5	\$ 3.0	\$ 0.2	6.7%	102	4
8 Common Area Boilers	150	-	\$ 60.0	\$ -	0.0%	2,685	
9 Wall Insulation	500	4	\$ 371.3	\$ 2.7	0.7%	5,775	35
10 Floor Insulation	200	1	\$ 70.0	\$ 0.8	1.1%	1,800	16
11 Attic Insulation	200	502	\$ 70.0	\$ 153.3	219.0%	1,400	2,453
12 Replacement Windows	1,000	149	\$ 190.0	\$ 16.2	8.5%	8,400	572
13 ENERGY STAR Multi-family	150	301	\$ 37.5	\$ 75.3	200.8%	1,598	2,565
14 Administrative & Overheads		NA	\$ 862.4	\$ 583.3	67.6%	NA	NA
15 TOTAL	2,990	1,441	\$ 1,734.2	\$ 944.2	54.4%	23,585	7,727

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

(3) ThermWise Business Rebates Program

The ThermWise Business Rebate Program offers 30 broad measures, some of which have different size or efficiency standards, that are designed to provide fuel savings to commercial operations. The table on the following page shows rebates for water heaters, boilers, furnace replacements, infrared heating systems and convection ovens all exceeding 2008 budgeted levels.

Based on 2008 participation, the incremental expected annual Dth savings for the ThermWise Business Rebate Program is 41,419. Actual dollars spent in rebates per Dth saved is \$11.73 compared to \$10.52 for the budget.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE BUSINESS REBATES PROGRAM							
1 High Efficiency Gas Water Heater	27	-	\$ 1,350	\$ -	0.0%	33	
2 High Efficiency Gas Water Heater - Commercial Tier 2	5	14	\$ 0.750	\$ 11.5	1533.3%	66	804
3 High Efficiency Gas Water Heater - Commercial Tankless	10	28	\$ 1,500	\$ 10.6	706.7%	106	750
4 Energy Star Horizontal Clothes Washer	10	-	\$ 0,500	\$ -	0.0%	16	
5 Energy Star Horizontal Clothes Washer - Tier 3	10	7	\$ 0,750	\$ 0.5	66.7%	20	11
6 Energy Star Commercial Clothes Washer	5	-	\$ 0,750	\$ -	0.0%	39	
7 Gas Clothes Dryer	10	3	\$ 0,300	\$ 0.1	33.3%	10	2
8 High Efficiency Gas Unit Heater 83-90%	9	-	\$ 2,475	\$ -	0.0%	109	
9 High Efficiency Gas Unit Heater > 90%	1	1	\$ 1,320	\$ 0.6	45.5%	37	14
10 90% Plus AFUE Condensing Gas Furnace	100	3	\$ 20,000	\$ 0.6	3.0%	1,420	34
11 92% Plus AFUE Condensing Gas Furnace - Commercial	25	68	\$ 7,500	\$ 20.4	272.0%	405	881
12 94% Plus AFUE Condensing Gas Furnace - Commercial	25	22	\$ 10,000	\$ 8.8	88.0%	453	319
13 High Efficiency Boiler Hot Water	45	6	\$ 9,000	\$ 2.8	31.1%	808	202
14 High Efficiency Boiler Hot Water Tier 2	10	16	\$ 9,750	\$ 80.4	824.6%	1,018	6,690
15 High Efficiency Boiler Steam	1	5	\$ 0,200	\$ 2.1	1050.0%	18	150
16 High Efficiency Boiler Steam Tier 2	1	2	\$ 0,600	\$ 21.8	3633.3%	22	651
17 Direct Contact Water Heater	2	5	\$ 15,400	\$ 46.5	301.9%	3,206	7,749
18 Programmable Thermostat - Commercial	140	92	\$ 3,500	\$ 2.3	65.7%	1,610	846
19 Low Flow Pre-rinse Spray Valve	120	-	\$ 3,000	\$ -	0.0%	4,032	
20 Boiler Reset Control	50	2	\$ 12,500	\$ 0.5	4.0%	3,705	119
21 Infrared Heating System	25	453	\$ 7,500	\$ 242.4	3232.0%	722	18,669
22 Boiler Tune-up	89	84	\$ 26,700	\$ 25.2	94.4%	4,349	3,283
23 ENERGY STAR Commercial Fryer	5	-	\$ 5,000	\$ -	0.0%	202	
24 ENERGY STAR Steam Cooker	5	-	\$ 5,000	\$ -	0.0%	177	
25 High Efficiency Convection Oven	5	7	\$ 5,000	\$ 7.0	140.0%	162	181
26 High Efficiency Combination Oven	5	-	\$ 5,000	\$ -	0.0%	202	
27 High Efficiency Gas Griddle	5	-	\$ 1,500	\$ -	0.0%	44	
28 Building Shell Windows	25	15	\$ 42,000	\$ 1.1	2.6%	2,145	47
29 Building Shell Roof Insulation	25	4	\$ 11,250	\$ 0.4	3.6%	488	14
30 Building Shell Wall Insulation	25	1	\$ 8,500	\$ 0.1	1.2%	340	3
31 Administrative & Overheads		NA	\$ 283.8	\$ 223.7	78.8%	NA	NA
32 TOTAL	820	838	\$ 502.4	\$ 709.4	141.2%	25,962	41,419

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

(4) ThermWise Builder Rebates Program:

The ThermWise Builder Rebates Program is designed to give builders an increased incentive to build homes that meet or exceed the federal Energy Star Home ratings requirements. (Energy Star ratings are awarded to homes that are rated as using at least 15% less energy than a comparable home built to comply with the most recent edition of the International Energy Conservation Code.) These incentives can be realized either by building the home to meet the Energy Star Whole Home Certificate or by installing individual appliances. For 2008, this

program exceeded budgeted rebates amounts by 12% while total participation was 26% greater than budget. There were 2,265 participants in the Energy Star rated home measure which was 62% greater than budget.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE BUILDER REBATES PROGRAM							
1 Basic Energy Star Specifications - IECC plus 15% min	1,400	2,265	\$ 700.0	\$ 1,132.5	161.8%	32,788	42,437
2 Federal Tax Credit Home	20	45	\$ 16.0	\$ 36.0	225.0%	662	1,191
3 High Efficiency Gas Water Heater - Home Builder	50	19	\$ 2.5	\$ 1.0	40.0%	95	29
4 Residential Gas Boilers	50	33	\$ 20.0	\$ 13.2	66.0%	895	473
5 Solar Assited Water Heating	10	1	\$ 7.5	\$ 0.8	10.7%	150	12
6 Tank Less Gas Water Heater - Home Builder	150	51	\$ 45.0	\$ 15.3	34.0%	1,530	520
7 90% Plus AFUE Condensing Gas Furnace - Home Builder	1,500	1,593	\$ 450.0	\$ 477.9	106.2%	13,650	11,597
8 Administrative & Overheads	NA	NA	\$ 1,081.3	\$ 915.4	84.7%	NA	NA
9 TOTAL	3,180	4,007	\$ 2,322.3	\$ 2,592.1	111.6%	49,770	56,259

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

The incremental expected annual Dth savings for the ThermWise Builder Rebates Program for 2008 is 56,259. Actual dollars spent in rebates per Dth saved is \$29.80 compared to \$31.17 for the budget.

(5) ThermWise Home Energy Audit Program.

The ThermWise Home Energy Audit Program provides customers the opportunity to have an energy audit, either on site with a qualified technician or through a mail in questionnaire form. For 2008, this program incurred \$49,300 in measure costs with an expected annual deemed Dth savings of 9,614. The real effect of this program is measured in the ThermWise Weatherization Program where participants follow up on the Audit suggestions.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE HOME ENERGY AUDIT PROGRAM							
1 Programmable Thermostat - Residential (Audit)	359	112	10.8	3.4	31.6%	955	238
2 Audit Efficiency Measures (1) (Audit)	3,593	1,910	32.6	45.9	140.8%	12,119	9,376
3 Administrative & Overheads	NA	NA	\$ 588.1	538.1	91.5%	NA	NA
4 TOTAL	3,952	2,022	\$ 631.4	\$ 587.4	93.0%	13,074	9,614

(1) YTD Participant numbers reflect total number of in home audits performed while 3Q participants reflect number of audit units given out.

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

(6) ThermWise Weatherization Program.

The ThermWise Weatherization Program measures are designed to make existing homes more energy efficient. Customers have embraced this program in all measures, (except for duct

sealing), causing the measures to exceed their budgeted amounts. Effective January 1, 2009, the Company has discontinued the practice of allowing customers to assign their rebates checks directly to contractors. One measure, Attic Insulation has experienced uncharacteristic growth in the last two months causing questions to be raised about the proper incentive level for this measure. Currently, some contractors have been heavily promoting this measure by advertising it as a “no cost opportunity” for qualifying customers, who are able to combine Questar’s and Rocky Mountain Power’s rebates. This has caused concern by the Company as it was never the intention that the measure should provide free insulation to customers.

A meeting of the DSM Advisory Group was held on March 5, 2009 to not only review the 2008 results but to discuss the current incentive amount for attic insulation. Several options for possible changes to this measure were discussed. The Company has filed with the PSC an application to amend the 2009 DSM tariffs which pertain to insulation measures. The Division is currently reviewing that application. What affect this amendment will have on the insulation program remains to be seen but it is expected this program will continue to see strong customer participation.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE WEATHERIZATION PROGRAM							
1	1,000	8,189	99.8	616.2	617.7%	4,410	21,798
2	167	851	55.9	318.1	568.9%	870	3,958
3	5	5	1.1	1.1	97.8%	29	23
4	5	18	1.3	4.5	360.0%	45	129
5	956	13,075	403.2	5885.1	1459.6%	8,064	94,161
6	88	580	28.8	173.4	602.8%	740	3,566
9	NA	NA	\$ 192.9	707.9	367.0%	NA	NA
10	2,221	22,718	\$ 782.9	\$ 7,706.3	984.3%	14,157	123,635

(1) Participant numbers reflect total number of efficiency units given out, not number of in home audits performed.

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

The expected incremental annual deemed Dth savings YTD is 123,635. Actual dollars spent in rebates per Dth saved is \$56.61 compared to \$52.10 for the budget.

(7) ThermWise Business Custom Rebates Program

The ThermWise Business Custom Rebate program is designed to provide demand-side management opportunities to commercial participants by requiring the participants to submit specific information for firm energy saving projects, the cost of which is borne by the

participants, in exchange for a fixed price per decatherm rebate up to a cap that is equal to a percentage of the eligible incurred project costs. This program requires a significant time investment before measurable results can be achieved but the potential Dth savings can be significant. For 2008, there were only two participants or 4% of the estimated participants but the deemed Dth savings are 30% of the 2008 estimated Dth savings.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	2008 Est Dth Savings	2008 YTD Dth Savings*
THERMWISE BUSINESS CUSTOM REBATES PROGRAM							
1 Business Custom Program	50	2	\$ 153.9	\$ 16.0	10.4%	15,395	4,590
2 Administrative & Overheads	NA	NA	\$ 335.1	\$ 86.9	25.9%	NA	NA
3 TOTAL	50	2	\$ 489.0	\$ 102.9	21.0%	15,395	4,590

*Savings reflects the net Dth deemed savings based on actual participants with an 80% net-to-gross ratio applied.

(8) Market Transformation Initiative

The Market Transformation Initiative is a continuing education campaign directed at consumers to heighten awareness of the need to save natural gas energy and to provide funding for the State Energy Program to conduct Building Codes awareness training to industry and local government representatives. 82% of the budget was expended during 2008.

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget
Market Transformation	NA	NA	\$ 1,224.9	\$ 999.2	81.6%

(9) Low Income Weatherization

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

	2008 Estimated Participants	YTD Actual Participants	2008 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget
Low Income Weatherization	NA	NA	\$ 250.0	250.0	100.0%

CONCLUSION:

The rapid acceptance of the DSM Pilot program by Questar’s customer base has exceeded initial expectations. The current level of expenditures was initially thought to be achievable within three to four years after program implementation. The Division is pleased with the apparent success of the market transformation that is currently occurring as it benefits all rate payers by reducing usage levels.

However, estimated Dth savings, as reported in this report, are deemed engineered savings. Actual achieved savings is yet to be determined. Currently, the Cadmus Group is beginning the work of measuring the actual achieved savings in Dth based on the actual bills of customer participants before and after the installation of the energy efficiency measures. The report on this effort is not expected until June of 2010. In the meantime, the Division is concerned about the growing amount of expenditures in some measures and if some limits on exceeding annual budgets should be set. This is a topic the Division wishes to discuss with the DSM Advisory Group in the near future.

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