

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 ThermWise Appliance Rebates
- § 2.14 ThermWise Builder Rebates
- § 2.15 ThermWise Multifamily Rebates
- § 2.16 ThermWise Business Rebates
- § 2.17 ThermWise Home Energy Audits
- § 2.18 ThermWise Weatherization Rebates
- § 2.19 Low-Income Weatherization Assistance Program
- § 2.20 ThermWise Business Custom Rebates

Qualifying appliances and/or measures will be eligible for rebates under only one of the above-listed programs. Program participants will be required to provide appropriate documentation as determined by the Company or its program administrator to ensure program eligibility requirements are met.

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 DNG block rates of the magnitude necessary to amortize the balance over one year.

CARRYING CHARGE

An annual interest rate of 6% simple interest (0.50% 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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| Issued by R. W. Jibson, President | | | |

2.13 THERMWISE APPLIANCE REBATES

PROGRAM DESCRIPTION

Through the ThermWise Appliance Rebates program, the Company offers a rebate to a separately metered residence receiving service on a GS rate schedule. A qualifying residence is a separately metered dwelling unit in an existing structure that has up to and including four separately metered residential dwelling units.

A rebate under the ThermWise Appliance Rebates 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 Thermwise Appliance Rebates Table. This includes the replacement of existing appliances as well as first-time installations.

A person may receive rebates for up to two of each type of measure purchased and installed per separately metered dwelling unit. For example, a rebate 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 REBATE AMOUNTS

To receive a rebate, customers must submit a completed application form and all required supporting documentation. The following requirements and rebates to customers are applicable for the ThermWise Appliance Rebates program measures.

| THERMWISE APPLIANCE REBATES TABLE | | | |
|---|--|--|----------------------|
| Appliance Rebates Efficiency Measure | Qualification Requirement | Minimum Efficiency Of New Equipment | Rebate Amount |
| High-Efficiency Gas Furnace | N/A | AFUE of 90% or greater | \$300 |
| High-Efficiency Storage Gas Water Heater | Minimum of 40 gallons, 75,000 Btus or less | Energy Factor of 0.62 or greater | \$50 |
| High-Efficiency Tankless Gas Water Heater | N/A | Energy Factor of 0.82 or greater | \$300 |
| High-Efficiency Gas Clothes Dryer | N/A | Gas Dryer with moisture sensor | \$30 |
| ENERGY STAR® Clothes Washer | Gas Water Heater | MEF of 1.72 to 1.99 (effective January 1, 2009 – June 30, 2009) | \$50 |
| | | MEF of 1.80 to 1.99 (effective July 1, 2009) | \$75 |
| High-Efficiency Residential Gas Boilers | N/A | AFUE of 85% or greater | \$400 |



| THERMWISE APPLIANCE REBATES TABLE (Continued) | | | |
|---|----------------------------------|--|----------------------|
| Appliance Rebates Efficiency Measure | Qualification Requirement | Minimum Efficiency Of New Equipment | Rebate Amount |
| Solar Assisted Gas Water Heating | N/A | Active system certified OG-100 by SRCC | \$750 |
| Definitions: AFUE Annual Fuel Utilization Efficiency MEF Modified Energy Factor SRCC Solar Rating and Certification Corporation | | | |

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2.14 THERMWISE BUILDER REBATES

PROGRAM DESCRIPTION

A residential homebuilder or owner-builder (Builder) can receive a rebate for implementing a qualifying measure, shown below in the Builder Rebates 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.

Rebates under the ThermWise Builder Rebates program will be paid directly to a Builder or a third-party payee as indicated on the application for implementing the qualifying energy-efficiency measures. Qualifying appliances and measures are listed in the Builder Rebates Table.

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

A rebate will be paid for a dwelling unit that qualifies for an ENERGY STAR® Whole House Certification or for qualifying as a High Performance Home. Further details for these two rebates are provided below. In order to receive both the ENERGY STAR® Whole House Certification incentive and any of 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 maximum U-value of 0.35. 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.

Field verification and an ENERGY STAR® certificate will be required from the Builder before the ENERGY STAR® Whole House Certification rebate will be paid.

HIGH PERFORMANCE HOME

To qualify for the High Performance Home rebate, a dwelling unit must meet ENERGY STAR® Whole House Certification requirements as well as be 50% more energy efficient than the 2006 International Energy Conservation Code (IECC). Additionally, the High Performance Home rebate requires that a 90% AFUE or greater gas furnace be installed in the dwelling unit, regardless of

other measures installed. Field verification, an ENERGY STAR certificate and documentation verifying the home has met the High Performance Home requirements will be required from the Builder before the High Performance Home rebate will be paid.

MEASURES, QUALIFICATION REQUIREMENTS AND REBATE AMOUNTS

To receive a rebate, customers must submit a completed application form and all required supporting documentation. The ThermWise Builder Rebates Table provides applicable measures, qualifications and rebate amounts.

| THERMWISE BUILDER REBATES TABLE | | |
|--|--|----------------------|
| Builder Rebates Efficiency Measure | Minimum Efficiency Qualification | Rebate Amount |
| High-Efficiency Gas Furnace | AFUE of 90% or greater | \$300 |
| High-Efficiency Gas Water Heater minimum 40 gallons in capacity | Energy Factor of 0.62 or greater, 75,000 Btu input or less | \$50 |
| High-Efficiency Tankless Gas Water Heater | Energy Factor of 0.82 or greater | \$300 |
| Residential Gas Boiler | AFUE of 85% or greater | \$400 |
| ENERGY STAR® Whole House Certification | HERS Index of 85 or less | \$500 |
| High Performance Home | 50% improvement over 2006 IECC | \$800 |
| Solar Assisted Gas Water Heating | Active system certified by OG-100 SRCC | \$750 |
| Definitions: AFUE Annual Fuel Utilization Efficiency HERS Home Energy Rating System IECC International Energy Conservation Code SRCC Solar Rating and Certification Corporation | | |

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2.15 THERMWISE MULTIFAMILY REBATES

PROGRAM DESCRIPTION

Through the ThermWise Multifamily Rebates program, the Company offers rebates for existing and newly constructed multifamily dwellings that meet current ENERGY STAR® guidelines

or other program requirements and are receiving service on a GS rate schedule and have individual gas space and water heating appliances in each unit.

A rebate under the ThermWise Multifamily Rebates program is paid directly to a property owner, property manager, or builder for installing a qualifying measure in the qualifying multifamily unit or in a qualifying common area. Qualifying measures are listed below in the ThermWise Multifamily Rebates Table. This includes the replacement of existing measures as well as first-time installations.

For measures in existing multifamily dwellings, a Company-provided project analysis may be performed to determine baseline conditions prior to installation of any qualifying measure(s). A post-installation project analysis may be performed to verify that the qualifying measures were installed.

Proof of ENERGY STAR® certification will be required before a rebate is paid to a builder for a new ENERGY STAR® Multifamily project. Weatherization measures, which include insulation and windows are not available for new construction projects or where required by energy code.

QUALIFICATION REQUIREMENTS AND REBATE AMOUNTS

To receive a rebate payment, customers must submit a completed application form and all required supporting documentation. The following requirements and rebates to customers are applicable to the program.

| THERMWISE MULTIFAMILY REBATES TABLE | | | |
|---|----------------------------------|--|----------------------|
| MultiFamily Rebates Efficiency Measure | Qualification Requirement | Minimum Efficiency Of New Equipment | Rebate Amount |
| High-Efficiency Storage Gas Water Heater | Minimum of 40 gallons | Energy Factor of 0.62 or greater | \$50 |
| ENERGY STAR® Clothes Washer | Gas Water Heater | MEF of 1.72 to 1.99 (effective January 1, 2009 – June 30, 2009) | \$50 |
| | | MEF of 1.80 to 1.99 (effective July 1, 2009) | |
| | | MEF of 2.00 or greater | \$75 |

| THERMWISE MULTIFAMILY REBATES TABLE (Continued) | | | |
|---|----------------------------------|--|----------------------|
| Multifamily Rebates Efficiency Measure | Qualification Requirement | Minimum Efficiency Of New Equipment | Rebate Amount |
| Gas Clothes Dryer | N/A | Gas Dryer with Moisture Sensor | \$30 |
| High-Efficiency Gas Furnace | N/A | AFUE of 90% or greater | \$300 |
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| | | | |
| Gas Boiler | N/A | AFUE of 85% or greater | \$400 |
| High-Efficiency Tankless Gas Water Heater | N/A | Energy Factor of 0.82 or greater | \$300 |
| Solar Assisted Gas Water Heating | N/A | Active system certified OG-100 by SRCC | \$750.00 |
| Wall Insulation | N/A | Minimum increment of R-11 | \$.45/sq.ft. |
| Floor Insulation | N/A | Minimum increment of R-19 | \$.35/sq.ft. |
| Attic Insulation | N/A | Minimum increment of R-19 | \$.35/sq.ft. |
| Replacement Windows | N/A | U-Factor of 0.35 or less | \$.95/sq.ft. |
| ENERGY STAR® Multifamily | N/A | Minimum ENERGY STAR requirements and certificate | \$250/unit |
| Definitions: AFUE Annual Fuel Utilization Efficiency MEF Modified Energy Factor SRCC Solar Rating and Certification Corporation | | | |

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2.16 THERMWISE BUSINESS REBATES

PROGRAM DESCRIPTION

Through the ThermWise Business Rebates program, the Company offers rebates to a separately metered business unit receiving service on a GS rate schedule.

A rebate under the ThermWise Business Rebates program is paid directly to a person for purchasing and installing a qualifying measure at the qualifying business unit. Qualifying measures are listed below in the ThermWise Business Rebates 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 REBATE AMOUNTS

To receive a rebate payment, customers must submit a completed application form and all required supporting documentation. The following requirements and rebates to customers are applicable to the ThermWise Business Rebates program.

| THERMWISE BUSINESS REBATES TABLE | | | |
|--|--|---|--------------------------|
| Business Rebates Efficiency Measure | Size Category Of New Equipment | Minimum Efficiency Of New Equipment | Rebate Amount |
| High-Efficiency Storage Gas Water Heater | 75,000 Btu/Hr Input or less | Energy Factor of 0.62 or greater | \$50 |
| | Greater than 75,000 Btu/Hr Input | Efficiency of 82% or greater | \$2.00 per kBtu/Hr Input |
| High-Efficiency Tankless Gas Water Heater | Less than 200,000 Btu/Hr Input | Energy Factor of 0.82 or greater | \$2.00 per kBtu/Hr Input |
| | Greater than 200,000 Btu/hr Input | Efficiency of 82% or greater | \$2.00 per kBtu/Hr Input |
| High-Efficiency Clothes Washer | Residential Clothes Washer Used in a Business | MEF of 1.72 to 1.99 | \$50 |
| | | MEF of 2.00 or greater | \$75 |
| | Commercial High-Efficiency Clothes Washer (Coin-operated/Laundromat) | MEF of 1.72 or greater, and WF of 8.0 or less | \$150 |
| Gas Clothes Dryer | N/A | Moisture Sensor | \$30 |
| Low-Flow Pre-Rinse Spray Valve | N/A | 1.6 GPM (retrofit only) | \$25 |

| THERMWISE BUSINESS REBATES TABLE (Continued) | | | |
|---|---------------------------------------|--|---------------------------|
| Business Rebates Efficiency Measure | Size Category Of New Equipment | Minimum Efficiency Of New Equipment | Rebate Amount |
| High-Efficiency Gas Furnace | Less than 300,000 Btu/Hr Input | ENERGY STAR® Furnace AFUE of 90% or greater | \$200 |
| | | CEE Tier II: AFUE of 92% or greater | \$300 |
| | | CEE Tier III: AFUE of 94% or greater | \$400 |
| Gas Boilers (hot water) | Less than 300,000 Btu/Hr Input | AFUE of 85% or greater | \$2.00 per kBtu/Hr Input |
| | 300,000 Btu/Hr Input or greater | Thermal Efficiency of 90% or greater | \$3.25 per kBtu/Hr Input |
| Gas Boilers (steam) | Less than 300,000 Btu/Hr Input | AFUE of 85% or greater | \$2.00 per kBtu/Hr Input |
| | 300,000 Btu/Hr Input or greater | Thermal Efficiency of 82% or greater | \$2.00 per kBtu/Hr Input |
| Direct Contact Gas Water Heater | N/A | Thermal Efficiency of 90% or greater | \$1.10 per kBtu /Hr Input |
| High-Efficiency Gas Unit Heater | Less than 300,000 Btu/Hr | Thermal Efficiency of at least 83% and less than 90% | \$1.25 per kBtu/Hr Input |
| | | Thermal Efficiency of 90% or greater | \$6.00 per kBtu/Hr Input |
| Infrared Gas Heating System | N/A | Infrared Heating System (must replace existing natural gas non-infrared heating systems or be installed as part of new construction project) | \$5.00 per kBtu/Hr Input |
| Programmable Thermostat | N/A | ENERGY STAR® Thermostat (where not required by code) | \$25 |
| Gas Boiler Outside Air Reset Control | N/A | Gas Boiler Outside Air Reset Control | \$250 |

THERMWISE BUSINESS REBATES TABLE (Continued)

| Business Rebates Efficiency Measure | Size Category Of New Equipment | Minimum Efficiency Of New Equipment | Rebate Amount |
|--|---------------------------------------|--|--|
| Gas Boiler Tune-up | Existing natural gas boiler | Perform a qualifying tune-up that complies with the boiler tune-up program requirements and yields an improvement in combustion efficiency (Only one tune-up rebate per boiler within a 2-year period) | Documented Boiler Tune-Up cost, up to \$300 per Boiler |
| ENERGY STAR® Gas Commercial Fryer | N/A | 50% Combustion Efficiency | \$1,000 |
| ENERGY STAR® Gas Steam Cooker | N/A | 38% Combustion Efficiency | \$1,000 |
| High Efficiency Gas Convection Oven | N/A | 40% Combustion Efficiency | \$1,000 |
| High Efficiency Gas Combination Oven | N/A | 40% Combustion Efficiency | \$1,000 |
| High-Efficiency Gas Griddle | N/A | 38% Combustion Efficiency | \$300 |
| Building Shell - Windows | Site-Built Window | U-value of 0.30 or less ² (Glazing Only Rating) | \$0.28/sq.ft. |
| | <u>Pre-fabricated Window Assembly</u> | <u>U-value of 0.35 or less (Entire Window Assembly Rating)</u> | |
| Building Shell - Roof Insulation | N/A | Minimum increment of R-5 or higher above code | \$0.04/sq.ft. |
| Building Shell- Wall Insulation | N/A | Minimum increment of R-3.7 continuous insulation above code | \$0.03/sq.ft. |

THERMWISE BUSINESS REBATES TABLE (Continued)

¹ Energy performance of window assemblies and glazing products must be rated in accordance with NFRC. Skylights are not eligible to receive incentives.

² Site-built window systems must have a non-metal frame or include a thermal break within the frame to qualify for rebates.

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| Definitions: | AFUE | Annual Fuel Utilization Efficiency |
| | MEF | Modified Energy Factor |
| | WF | Water Factor |
| | CEE | Consortium for Energy Efficiency |
| | NFRC | National Fenestration Rating Council |
| | BTU/Hr | British Thermal Units per Hour capacity |
| | kBTU/Hr | Thousands of British Thermal Units per Hour capacity |

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2.17 THERMWISE HOME ENERGY AUDITS

PROGRAM DESCRIPTION

Through the ThermWise Home Energy Audits program, the Company offers an energy-efficiency audit to residential customers receiving service on a GS rate schedule.

The Thermwise Home Energy Audits program includes home energy audits and energy-efficiency measures listed below in Home Energy Audits 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 Audits Table, at no charge. 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 fee per dwelling unit, plus applicable fees and taxes, for the in-home audit. This fee is added to the customer's Questar Gas bill. This fee will be refunded to the customer, including reductions to applicable fees and taxes, upon implementation of any Company energy-efficiency rebate measure related to Company-sponsored rebate programs. The fee will be credited to the customer's Questar Gas bill.

QUALIFICATION REQUIREMENTS AND REBATE AMOUNTS

To participate in an in-home audit, customers may be required to submit a completed background survey form. The table below lists the requirements and charges to customers which apply to the Home Energy Audits. Program efficiency measures that are offered to customers in conjunction with a Home Energy Audit are shown in the table below.

| THERMWISE HOME ENERGY AUDITS TABLE | | | |
|--|---|---|---------------------------|
| Home Energy Audits Efficiency Measure | Qualification Requirement Of Old Equipment | Minimum Efficiency Of New Equipment | Charge To Customer |
| Water Heater Blanket ¹ | Gas water heaters warm to the touch or as determined by auditor | R-7 water heater blanket | No Charge |
| Pipe Insulation ¹ | Gas water heater, no pipe insulation | First 4 feet of hot water, first 2 feet of cold water | No Charge |
| Faucet Aerator ¹ | Gas water heater, faucet of 2.75 GPM or more | Less than 2.0 Gallons Per Minute | No Charge |
| Low-Flow Shower Head ¹ | Gas water heater, shower head of 3.0 GPM or more | Less than 2.5 Gallons Per Minute | No Charge |
| ¹ Provided | | | |

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2.18 THERMWISE WEATHERIZATION REBATES

PROGRAM DESCRIPTION

Through the ThermWise Weatherization Rebates program, the Company offers a rebate 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 ThermWise Weatherization Rebates program will include weatherization-efficiency measures listed below in the Weatherization Rebates Table.

WEATHERIZATION EFFICIENCY MEASURES

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

QUALIFICATION REQUIREMENTS AND REBATE AMOUNTS

The following requirements and charges to customers are applicable to the ThermWise Weatherization Rebates program.

To receive a rebate, customers must submit a completed application form and all required supporting documentation. The following requirements and rebate amounts are applicable to the Weatherization Rebates efficiency measures.

| THERMWISE WEATHERIZATION REBATES TABLE | | | |
|--|--|---|----------------------|
| Weatherization Rebates Efficiency Measure¹ | Minimum Efficiency of New Equipment | Professional Installation Required^{4,5} | Rebate Amount |
| Windows ² | U-value of 0.35 or less | No | \$0.95/sq.ft. |
| Wall Insulation ⁷ | Minimum increment of R-11 or higher | No | \$0.45/sq.ft. |
| Attic Insulation ⁷ | Minimum increment of R-19 or higher | No | \$0.35/sq.ft. |
| Floor Insulation ⁷ | Minimum increment of R-19 or higher | No | \$0.35/sq.ft. |
| Duct Sealing ³ | PTCS Levels | Yes | \$225 |
| Duct Insulation ⁴ | R-6 or higher | Yes | \$250 |
| Programmable Thermostat ⁶ | Gas heat, existing non-programmable thermostat, 2006 ENERGY STAR® Requirements | No | \$30 |

THERMWISE WEATHERIZATION REBATES TABLE (Continued)

¹ These measures are available to existing dwelling units heated with natural gas.

² Includes sliding glass patio doors, but excluding all other doors (storm doors, wood and/or metal doors with windows.)

³ This measure is available to dwelling units with heating ducts in unconditioned spaces.

⁴ This measure is available to dwelling units with un-insulated heating ducts in unconditioned spaces. A minimum of 10 continuous feet of duct must be insulated to qualify for this rebate measure.

⁵ If “Yes”, this measure must be installed by a pre-qualified contractor.

⁶ This measure requires that a ThermWise Home Energy Audit be completed to determine measure eligibility.

⁷Eligible installations must be between a heated space and an unconditioned space.

Unconditioned space is defined as an area or room within a building that is not being heated or cooled, that has no fixed opening directly into an adjacent conditioned space, or which is outside of the building envelope.

Definitions: U-value U-value is the reciprocal of R-value
PTCS Performance Tested Comfort System

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2.19 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 \$500,000 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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2.20 THERMWISE BUSINESS CUSTOM REBATES

PROGRAM DESCRIPTION

Through the ThermWise Business Custom Rebates program, participants provide submittals for a firm quantity of natural gas reduction through the installation of demand-side management (DSM) measures in return for a fixed price per decatherm rebate up to a cap equal to a percentage of the eligible incurred project cost. Eligible projects must be installed at separately metered commercial GS customer facilities.

The ThermWise Business Custom Rebates program requires customers to submit specific information for each project and to conduct energy engineering and commissioning at their own cost. Commissioning is the systematic process of ensuring that a building's complex array of systems is designed, installed and tested to perform according to the design intent and the building owner's operational needs. The commissioning of buildings will be most effective when considered throughout the planning stages and as early as schematic design. This project information will be provided in two reports: the Pre-Installation Report and Post-Installation Report. Rebates will be paid directly to participating customers who meet the program requirements.

MEASURE ELIGIBILITY

Qualifying measures include those that target cost-effective natural gas savings including retrofits of existing systems, improvements to existing systems, and first-time installations where the system's efficiency exceeds Utah Energy Code or standard industry practice. The program does not explicitly specify eligible measures to provide program participants maximum flexibility in identifying potential projects. Participants may propose the inclusion of any measure that:

- Produces a verifiable natural gas reduction.
- Is installed in either existing or new construction applications.
- Has a minimum useful life of 7 years.
- Meets at least minimum cost-effectiveness requirements for the utility cost test.

Measures that are excluded from consideration in this program include those that:

- Are offered through the Thermwise Business Rebates program.
- Rely solely on changes in customer behavior.
- Merely terminate existing processes, facilities, or operations.
- Involve fuel-switching.
- Are required by state or federal law, building or other codes, or are standard industry practice.
- Receive a rebate through any other energy efficiency or DSM program offered by the Company.

ELIGIBLE MEASURE COSTS

Eligible measure costs are based upon the actual incremental expenses incurred by the customer in connection with the construction, installation or implementation, and commissioning of

an eligible project. Costs may include equipment costs, engineering and consulting expenses, and internal labor costs. Expenses are subject to approval by the Company.

Customers shall provide cooperation and access as is reasonably required for the program administrator to make a determination of eligible costs. Acceptable documentation of eligible costs may include: invoices, work orders, cancelled checks, and accounting system reports.

BASELINES FOR SAVINGS AND INCREMENTAL COSTS

The ThermWise Business Custom Rebates program is designed to encourage energy-efficiency improvements that go above and beyond the efficiency gains typically achieved in replacement or new construction projects. Consequently, savings and eligible measure costs will be based only on the difference between the efficiency and cost of the installed system and the baseline system. The baseline system is the current Utah Energy Code minimum efficiency standards, if such standards apply. In cases where standards do not exist, the baseline will be based upon standard industry practice as determined by the Company.

The Company may adjust baseline natural gas consumption and costs during the submittal review to reflect any of the following: energy codes, standard practice, changes in capacity, changes in production or facility use and equipment at the end of its useful life.

REBATE LEVELS

The ThermWise Business Custom Rebates program's levels will be made by the Company for the installation of measures pursuant to the Program Agreement shall be the lesser of (a) and (b):

- (a) \$10.00/decatherm per first year annual decatherm savings as determined solely by the Company;
- (b) 50% of the eligible project cost as determined by the Company.

Commissioning Opt-Out: If the customer chooses to not conduct the commissioning activities, the annual natural gas savings and the eligible measure costs will all be reduced by 20% and the rebate will be re-calculated using the provisions specified above. Measures for which the customer has "opted-out" of commissioning and are later commissioned are not eligible for additional rebates at a later date.

The customer is responsible for submitting the Pre-Installation Report and allowing time for the Company review prior to purchasing equipment. Subsequent to Company approval of a Pre-Installation Report, the customer shall be required to enter into a Program Agreement with the Company in order to be eligible for rebates. Projects that have been purchased or installed prior to Pre-Installation Approval may not be eligible for rebates under the ThermWise Business Custom Rebates program.

To assist customers with the Pre-Installation Report, the Company may provide a limited budget for conducting technical energy audits for eligible customers. Customers will be eligible to apply for technical energy audit funds through an application process administered by the Company. The Company will have sole discretion for the approval of each customer application for technical energy audit funds. Criteria for funding approval will be based upon but not limited to: funding availability, the customer's ability to complete identified energy efficiency measures, potential energy

efficiency opportunities at the customer's site, and technical feasibility of the measure. The Company may limit the funding amount for each project at its sole discretion.

| Issued by R. W. Jibson, President | Advice No. | Section Revision No. | Effective Date |
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