

March 25, 2009

Utah Public Service Commission
Heber M. Wells Building
P. O. Box 45585
Salt Lake City, UT 84145-0585

Dear Commissioners:

Questar Gas Company (Questar Gas or the Company) respectfully submits to the Utah Public Service Commission (Commission), pursuant to the order issued in Docket No. 05-057-T01, dated January 16, 2007 (Order), a report on DSM expenditures related to the Third Year Budget for 2009 (Docket No. 08-057-22). Specifically the Order in paragraph 4 stated:

Questar shall report to the Commission when the amount spent for any program reaches ninety percent of the budgeted amount, with an estimate of the projected spending needed for the remainder of the year. To the extent the projected spending exceeds the original budgeted amount Questar must seek Commission approval for the higher projected levels of spending.

Per the Order, Questar Gas reports that in the month of February 2009 the Weatherization program reached and then exceeded ninety percent of the 2009 budget. At the end of January, the Weatherization program had expenses of \$2,137,022 or 43% of the total 2009 Weatherization budget. Expenses in the month of February totaled \$2,702,416. This resulted in the program reaching a total of \$4,839,438 or 98% of the 2009 Weatherization program budget. Of the \$4,839,438, customer rebates currently encompass 99.8% of total program spending. Attachment 1 (DSM Program Budget Variance Report) details expenditures through February 28, 2009, the 2009 Budget, and projections for spending for the full budget year and related percentages.

As can be seen on Attachment 1, Column D, Row 10, total expenditures, including all DSM Programs and Market Transformation, are currently thirty-eight percent of 2009 budget. Other than the projected budget overages outlined in the Application for Tariff Change filed March 11, 2009 (Docket No. 09-057-T04), the Company continues to expect that year-end expenses for the remaining DSM programs will align with the 2009 budget as approved in the 2009 DSM application.

Questar Gas will continue to closely monitor customer participation and efficiently manage DSM spending for all DSM programs and Market Transformation. Detailed quarterly reports will continue to be provided to the Division of Public Utilities on actual program spending and customer participation compared to budget.

The total projected DSM program costs for 2009, as modified in Docket No. 09-057-T04, are expected to exceed the budget approved by this Commission. However, the additional expenses are directly related to customer rebates and Dth saved which increases the cost effectiveness of the DSM programs. To the extent the projected increase in the budget for the Weatherization Rebates Program needs Commission approval, Questar Gas respectfully requests that the Commission approve the higher program budget levels.

Respectfully Submitted,

Barrie L. McKay
Manager Regulatory Affairs
(801) 324-5491

cc: Division of Public Utilities
Committee of Consumer Services