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State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

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

Date: April 26, 2011

Subject: Results report of 2010 QGC DSM Programs, Docket No. 09-057-15

ISSUE:

On January 16, 2007, the Utah Public Service Commission (PSC or Commission) issued an order in Docket No. 05-057-T01 authorizing Questar Gas Company (QGC or the Company) to offer, as part of a conditional approval for the Conservation Enabling Tariff (CET) as a three year pilot program, a suite of Demand Side Management (DSM) programs to its customers also as a three year period as a pilot program.

On June 3, 2010 in an order approving the Settlement Stipulation in the Company's last general rate case in Docket No. 09-057-16, the Commission approved moving the CET from a pilot to an on-going program¹ and continuation of the Company's DSM programs. The purpose of this report is to provide an overview of the 2010 actual results, as they compare to the 2010 DSM budget, as approved by the Commission in Docket No. 09-057-15².

¹ Commission Order, Docket No. 09-057-16, June 3, 2010, Paragraph 20, pp 22.

² Commission Order, Docket No. 09-057-15, January 12, 2010.

REPORT:

Eight (8) separate DSM programs, which are designed to help customers improve the efficiency of their natural gas consumption, are in the 2010 QGC DSM budget plan. 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 2010 annual budget for the DSM Programs is \$36.1 million. Seven programs contain multiple offerings or measures designed to help customers reduce their natural gas consumption. They are (1) the **ThermWise Appliance Rebates Program**, (2) the **ThermWise Multi-Family Rebates Program**, (3) the **ThermWise Business Rebates Program**, (4) the **ThermWise Builder Rebates Program**, (5) the **ThermWise Home Energy Audit Program**, (6) the **ThermWise Weatherization Program** and (7) the **ThermWise Business Custom Rebates Program**. QGC's DSM programs also include, in addition to the **Market Transformation Program**, a **Low Income Weatherization Assistance Program** that adds annual funding of an additional \$500,000, bringing the total annual amount provided by QGC to \$750,000 to the Low Income Weatherization Assistance Program. The Department of Community and Economic Development administers the funds and provides the expertise to improve energy efficiency for low income residents by using the additional \$500,000 to upgrade customers to high efficiency furnaces. An April 5th meeting was held by the Department of Community and Economic Development to report on their weatherization efforts utilizing these funds.

2010 DSM PROGRAM SUMMARY

The table on the next page compares by program, the actual 2010 rebate expenditures with the 2010 annual budget. Table 1 shows a total 2010 expenditure of \$35.7 million (Col E ln 14), or 98.8% of the \$36.1 million annual budget.

Table 1: DSM Energy Efficiency Report Summary

QUESTAR GAS COMPANY
 DSM ENERGY EFFICIENCY REPORT
 YEAR TO DATE THROUGH December 31, 2010
 DOCKET NO. 09-057-15

	A	B	C	D	E	F	G	H	I
		2010	YTD	2010	YTD	YTD \$	YTD	2010	TRC
		Estimated	Actual	Budget	Actual Costs	% of	Dth	Dth	B/C
		Participants	Participants	(000)	(000)	Budget	Savings(1)	Savings*	Ratio
ThermWise Appliance		32,646	49,166	\$ 5,229.1	\$ 7,869.1	150.5%	193,850	128,794	1.1
ThermWise Multi-family		12,530	6,140	\$ 3,218.1	\$ 2,024.4	62.9%	21,195	51,212	0.6
ThermWise Builder		2,593	4,973	\$ 2,018.4	\$ 2,944.0	145.9%	16,803	34,643	0.3
ThermWise Business		1,847	1,135	\$ 895.6	\$ 1,173.4	131.0%	52,951	51,424	2.0
ThermWise Custom Business		15	25	\$ 357.8	\$ 284.1	79.4%	8,764	7,513	1.1
ThermWise Audit		3,773	2,114	\$ 718.5	\$ 727.7	101.3%	5,502	9,699	0.3
ThermWise Weatherization		91,581	90,455	\$ 21,831.3	\$ 19,000.3	87.0%	357,695	512,429	1.3
Market Transformation		NA	NA	\$ 1,356.5	\$ 1,163.3	85.8%	NA	NA	0.0
Low Income Weatherization		NA	NA	\$ 500.0	\$ 500.0	100.0%	NA	NA	0.0
Total		144,985	154,008	\$ 36,125.3	\$ 35,686.3	98.8%	656,760	795,714	1.1
DSM Interest					\$ 2,246.2				
DSM Amortization					\$ (38,997.6)				
DSM General Administration					\$ -				
R&D Funds Transfer					\$ -				
YTD Change Acct 82400					\$ (1,065.1)				
December 2009 Acct 82400 Bal					\$ 40,502.5				
Ending Balance Acct 82400					\$ 39,437.4				

22 (1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.
 23 *Savings reflects the net Dth deemed savings based on expected participants with an 80% net-to-gross

Table 1A categorizes the 2010 DSM Budget and the 2010 actual results into incentive rebates, administrative costs and market transformations- low income categories and compares the results.

Table 1A	2010 Budget (000)	% of total	2010 Actuals (000)	% of total
Incentive Rebates	\$ 26,488	73.3%	\$ 27,392	76.8%
Administrative Costs	\$ 7,781	21.5%	\$ 6,632	18.6%
Low Income & Market Transformation	\$ 1,857	5.1%	\$ 1,663	4.7%
Total	\$ 36,125	100.0%	\$ 35,686	100.0%

As shown in this table, incentive rebates paid exceeded the 2010 budget while administrative and market transformation costs were lower than planned, (Table 1 shows the Low Income Weatherization expenditures were at the planned level).

However as shown on line of 14 of Table 1 in columns G & H, the 2010 achieved decatherm savings were lower than anticipated in the 2010 budget. The reasons for this will be explained in each program's section.

THERMWISE APPLIANCE PROGRAM

Table 2 below shows that all measures for the ThermWise Appliance Program, with the exception of the High Efficiency Tier 2 gas water heater, have exceeded their expected annual

budgeted expenditures (Column F). The Company reports that tier 2 water heaters are not readily available in the market place, possibly due to the cost differential between a tier 1 and tier 2 water heater which currently may be as high as \$1,000.

Table 2

QUESTAR GAS COMPANY
THERMWISE APPLIANCE PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

A	B	C	D	E	F	G
	2010 Estimated Participants	YTD Actual Participants	2010 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	YTD Dth Savings(1)
RESIDENTIAL APPLIANCE PROGRAM						
Energy Star Clothes Washer - Tier 1	2,200	3,436	\$ 110.0	\$ 171.8	156.2%	3,909
Energy Star Clothes Washer - Tier 2	17,000	23,861	\$ 1,275.0	\$ 1,789.6	140.4%	35,047
High Efficiency Gas Clothes Dryer - Residential	2,800	3,559	\$ 84.0	\$ 106.8	127.1%	2,614
High Efficiency Gas Water Heater - Tier 1	2,450	3,824	\$ 122.5	\$ 191.2	156.1%	5,231
High Efficiency Gas Water Heater - Tier 2	50	7	\$ 5.0	\$ 0.7	14.0%	22
Tank Less Gas Water Heater - Residential	700	1,491	\$ 210.0	\$ 447.3	213.0%	13,687
High Efficiency Gas Furnace	7,300	12,747	\$ 2,190.0	\$ 3,824.0	174.6%	130,326
Residential Boiler	114	197	\$ 45.6	\$ 78.8	172.8%	2,539
Solar Assisted Water Heating	32	44	\$ 24.0	\$ 33.0	137.5%	475
Administrative & Overheads	NA	NA	\$ 1,163.0	\$ 1,225.9	105.4%	NA
	32,646	49,166	\$ 5,229.1	\$ 7,869.1	150.5%	193,850

(1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.

The total Appliance Program is cost effective based on its Total Resource Cost test (TRC) score of 1.1, as shown above in Table 1(Col I Line 5). However, as reported in the Company's DSM model, within the Appliance Program, only the High Efficiency Gas Water – Tier 1 and the High Efficiency Gas Furnace measures have TRC benefit cost ratios of 1.0 or greater. All of the measures have benefit cost ratios above one when the Utility Cost Test (UTC) is applied.

Table 2a shows the effect of the utilization of the Cadmus Report realization factors³ for 2010 on the cost per net Dth savings for the total Appliance Program.

Table 2a

Cost per Dth Saved Before Admin Costs
Total Cost per Dth Saved

	2010 Budget	2010 Actual
Cost per Dth Saved Before Admin Costs	\$ 31.57	\$ 34.27
Total Cost per Dth Saved	\$ 40.60	\$ 40.59

³ The Cadmus Group, Inc. Final Report, Questar Gas Thermwise Evaluation, September 28, 2010.

THERMWISE MULTI-FAMILY PROGRAM

For 2010, the Multi-Family program reached 63% of its expected 2010 budgeted expenditures as shown in Table 3 (line 23, Col F). The table also shows that 7 of the 17 measures in this program exceeded expected budgeted levels.

Table 3

QUESTAR GAS COMPANY
THERMWISE MULTI-FAMILY PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

A	B	C	D	E	F	G
	2010 Estimated Participants	YTD Actual Participants	2010 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	YTD Dth Savings(1)
5 Storage Water Tier 1	145	47	\$ 7.3	\$ 2.4	33.1%	51
6 Storage Water Tier 2	5	34	\$ 0.5	\$ 3.4	680.0%	86
7 Energy Star Tier 1 Clothes Washer	100	133	\$ 5.0	\$ 6.7	134.0%	121
8 Energy Star Tier 2 Clothes Washer	450	699	\$ 33.8	\$ 52.4	155.3%	821
9 Gas Dryer	50	29	\$ 1.5	\$ 0.9	60.0%	17
10 90+ Furnaces	500	904	\$ 150.0	\$ 271.2	180.8%	3,525
11 Gas Boilers	5	33	\$ 2.0	\$ 13.2	660.0%	340
12 Wall Insulation	10	13	\$ 5.0	\$ 1.0	20.2%	14
13 Floor Insulation	10	5	\$ 2.0	\$ 0.6	30.0%	17
14 Attic Insulation Tier 1	2,250	1,147	\$ 450.0	\$ 167.4	37.2%	3,375
15 Attic Insulation Tier 2	250	193	\$ 17.5	\$ 11.9	68.0%	166
16 Replacement Windows	150	501	\$ 28.5	\$ 29.7	104.2%	757
17 Tankless Water Heater	100	14	\$ 30.0	\$ 4.2	14.0%	103
18 Solar Assisted Water Heater	5	-	\$ 3.8	\$ -	0.0%	-
19 Duct Sealing	4,000	407	\$ 500.0	\$ 50.8	10.2%	1,055
20 Duct Insulation	4,000	378	\$ 600.0	\$ 56.7	9.5%	914
21 ENERGY STAR Multi-family	500	1,603	\$ 125.0	\$ 400.7	320.6%	9,833
22 Administrative & Overheads	NA	NA	\$ 1,256.4	\$ 951.2	75.7%	NA
23	12,530	6,140	3,218.1	2,024.4	62.9%	21,195

(1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.

As a total program, the TRC test is only 0.6 with only three of the seventeen measures having benefit cost ratios above 1.0. Two of the measures are the Floor and Attic Insulation and the third is the Replacement Windows measure. However, all of the measures with the exception of the Energy Star Tier 2 Clothes Washer (0.8), High Efficiency Gas Clothes Dryer (0.9) and Duct Insulation (0.8) have UCT ratios above 1.0.

Table 3a shows the effect of the utilization of the Cadmus Report realization factors⁴ for 2010 on the cost per net Dth savings for the total Multi-Family Program.

⁴ The Cadmus Group, Inc. Final Report, Questar Gas Thermwise Evaluation, September 28, 2010.

Table 3a

	2010 Budget	2010 Actual
Cost per Dth Saved Before Admin Costs	\$ 38.31	\$ 50.63
Total Cost per Dth Saved	\$ 62.84	\$ 95.51

The main factor for the results shown in table 3a is the Energy Star Multi-family measure, which accounts for 37% of the total program costs before admin costs (20% of total costs) had the most impact from implementing the Cadmus factors due to possible data errors in the sample size used by Cadmus. The data sample may have included multi-family homes that qualified for the Energy Star rating without having to include high efficiency furnaces or gas water heaters. The Company is reviewing the data to see if that is in fact the case.

For 2011 this concern was corrected by requiring a high efficiency furnace and water before builders will receive a rebate for an Energy Star home. Also, in a move to improve administration efficiencies, the Multi-family program was discontinued as a separate program and the respective individual measures included in the 2010 Multi-family program were folded into the 2011 Appliance, Builder and Weatherization programs.

THERMWISE BUSINESS PROGRAM

In the Business program, there are 37 separate measures available to commercial entities to improve their energy efficiency. Table 4 provides the detail on only those twenty measures that had \$10,000 or more in actual rebate incentive costs.

Table 4

QUESTAR GAS COMPANY
THERMWISE BUSINESS PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

A	B	C	D	E	F	G
	2010 Estimated Participants	YTD Actual Participants	2010 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	YTD Dth Savings(1)
8 High Efficiency Gas Water Heater - Commercial Tankless Tier1	25	30	\$ 3.8	\$ 11.6	309.2%	982
15 High Efficiency Gas Unit Heater > 90%	8	87	\$ 10.6	\$ 123.4	1168.6%	3,350
17 92% Plus AFUE Condensing Gas Furnace - Commercial	265	68	\$ 79.5	\$ 20.4	25.7%	1,058
18 94% Plus AFUE Condensing Gas Furnace - Commercial	190	179	\$ 76.0	\$ 71.6	94.2%	3,110
20 High Efficiency Boiler Hot Water Tier 2	15	52	\$ 14.6	\$ 249.0	1702.6%	24,954
21 Energy Star Horizontal Clothes Washer	104	85	\$ 43.3	\$ 124.5	774.5%	10,427
22 Energy Star Horizontal Clothes Washer - Tier 3	110	92	\$ 47.2	\$ 138.1	855.4%	11,669
23 Energy Star Commercial Clothes Washer	116	100	\$ 51.2	\$ 151.7	936.2%	12,911
24 Gas Clothes Dryer	122	107	\$ 55.2	\$ 165.3	1017.1%	14,152
25 High Efficiency Gas Unit Heater 83-90%	128	115	\$ 59.1	\$ 179.0	1098.0%	15,394
26 High Efficiency Gas Unit Heater > 90%	134	123	\$ 63.1	\$ 192.6	1178.8%	16,635
27 90% Plus AFUE Condensing Gas Furnace	140	130	\$ 67.1	\$ 206.2	1259.7%	17,877
28 92% Plus AFUE Condensing Gas Furnace - Commercial	146	138	\$ 71.0	\$ 219.8	1340.6%	19,119
29 94% Plus AFUE Condensing Gas Furnace - Commercial	152	146	\$ 75.0	\$ 233.5	1421.4%	20,360
30 High Efficiency Boiler Hot Water	158	153	\$ 79.0	\$ 247.1	1502.3%	21,602
31 High Efficiency Boiler Hot Water Tier 3	164	161	\$ 82.9	\$ 260.7	1583.2%	22,843
32 Energy Star Horizontal Clothes Washer	171	169	\$ 86.9	\$ 274.4	1664.1%	24,085
33 Energy Star Horizontal Clothes Washer - Tier 4	177	176	\$ 90.9	\$ 288.0	1744.9%	25,327
34 Energy Star Commercial Clothes Washer	183	184	\$ 94.8	\$ 301.6	1825.8%	26,568
39 Building Shell Roof Insulation Retrofit	8	263	\$ 9.6	\$ 26.2	272.9%	976
42 Administrative & Overheads		NA	\$ 364.0	\$ 426.7	117.2%	NA
	1,847	1,135	\$ 895.6	\$ 1,173.4	131.0%	52,951

(1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.

The total program exceeded the annual budget by 131% with the Energy Star Commercial Clothes Washer measure (line 34) exhibiting the most in rebate dollars as well as percent over the budget.

As shown in Table 1 above, of all of the Thermwise Programs, this program provides the highest TRC benefit cost ratio of 2.0 (Col I, line 8) as well as the highest UCT ratio of 3.4. The Programmable Thermostat- Commercial measure had the highest TRC and UCT benefit cost ratios of 17.3 and 28.8 respectively and all measures with rebate dollars paid out had UCT ratios above 1.0.

Table 4a shows the effect of the utilization of the Cadmus Report realization factors⁵ for 2010 on the cost per net Dth savings for the total Business Program.

Table 4a

	2010 Budget	2010 Actual
Cost per Dth Saved Before Admin Costs	\$ 12.90	\$ 14.10
Total Cost per Dth Saved	\$ 21.74	\$ 22.16

⁵ The Cadmus Group, Inc. Final Report, Questar Gas Thermwise Evaluation, September 28, 2010.

THERMWISE CUSTOM BUSINESS PROGRAM

The ThermWise Custom Business Program is designed for customer specific applications and requires longer development time before results are achieved.

Table 5 shows the results for the Thermwise Custom Business program.

Table 5

QUESTAR GAS COMPANY
THERMWISE CUSTOM PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

	2010 Estimated Participants	YTD Actual Participants	2010 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	YTD Dth Savings(1)
BUSINESS CUSTOM REBATES PROGRAM	15	25	\$ 75.1	\$ 55.0	73.2%	8,764
Business Custom Rebates Total		NA	\$ 282.7	\$ 229.1	81.0%	NA
Administrative & Overheads	15	25	\$ 357.8	\$ 284.1	79.4%	8,764

1) NB - Not Budgeted, no participation anticipated
 (1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.

Although this program reached only 79% of its targeted expenditures, the number of participants as well as the YTD Dth savings exceeded their relative planned amounts. As a result of this, the cost per Dth saved improved over the plan estimates as shown in Table 5a.

Table 5a

	2010 Budget	2010 Actual
Cost per Dth Saved Before Admin Costs	\$ 10.00	\$ 6.28
Total Cost per Dth Saved	\$ 47.63	\$ 32.42

The program's TRC benefit cost ratio was 1.1 but, if administrative costs are removed, the TRC benefit ratio for the actual measure is 2.2. The UCT ratio is 1.7, and 9.0 when administrative costs are removed.

THERMWISE BUILDER PROGRAM

The ThermWise Builder Program is designed to offer builders (both contractors and self-build) who use energy efficient construction techniques, as well as energy efficient appliances, specific rebates for Energy Star Certified homes and High Performance homes (which are homes that exceed the 2004 IECC standards by at least 50%), as well as rebates for specific appliance installations.

As shown in Table 6, the Builder Program spent 145.9% of its budget (Col F, Line 10). However, due mainly to the reasons mentioned in the Multi-family program regarding Energy Star compliance data issues, the Decatherms saved is only 48.5% of budget. These numbers are driven by the Energy Star Certified Home measure, High Efficiency Tier 1 Gas Water Heater measure and the 90% Furnace measure, all of which exceeded their annual budget in both rebates paid and customer participation but also had reduced Dth saved based on utilizing the Cadmus Report realization factors. As a result of this, the programs TRC ratio is 0.3 and the UCT ratio is 0.5. As previously mentioned, Questar is currently reviewing the data used by Cadmus to see how many Energy Star Homes in fact had furnaces and water heaters installed that would not qualify as high efficient units.

Table 6

QUESTAR GAS COMPANY
THERMWISE BUILDER PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

Ln #	A	B		C		D		E		F		G	
		2010 Estimated Participants	YTD Actual Participants	2010 Budget (000)	YTD Actual Costs (000)	YTD \$ % of Budget	YTD Dth Savings (1)						
	THERMWISE BUILDER PROGRAM												
1	Basic Energy Star Specifications - IECC plus 15% minimum, plus	1,292	2,633	\$ 646.0	\$ 1,316.5	203.8%	12,580						
2	High Efficiency Gas Water Heater - Tier 1	45	151	\$ 2.3	\$ 7.6	337.8%	59						
3	High Efficiency Gas Water Heater - Tier 2	5	-	\$ 0.5	\$ -	0.0%	-						
4	Tank Less Gas Water Heater - Home Builder	100	55	\$ 30.0	\$ 16.5	55.0%	143						
5	90% Plus AFUE Condensing Gas Furnace - Home Builder	1,066	2,103	\$ 319.8	\$ 630.9	197.3%	3,904						
6	Gas Boiler	50	26	\$ 20.0	\$ 10.4	52.0%	95						
7	Solar Assisted Water Heater	5	3	\$ 3.8	\$ 2.3	61.3%	9						
8	High Performance Homes	30	2	\$ 24.0	\$ 1.6	6.7%	13						
9	Administrative & Overheads	NA	NA	\$ 972.1	\$ 958.2	98.6%	NA						
10		2,593	4,973	\$ 2,018.4	\$ 2,944.0	145.9%	16,803						
11													
12	(1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.												

Table 6a shows the increase in costs per Dth saved due to the Cadmus realization factors.

Table 6a

	2010 Budget	2010 Actual
Cost per Dth Saved Before Admin Costs	\$ 30.20	\$ 118.18
Total Cost per Dth Saved	\$ 58.26	\$ 175.21

THERMWISE AUDIT PROGRAM

The Thermwise Audit Program is designed to give customers an opportunity to have their current energy efficiency efforts evaluated and suggestions offered on ways to improve those efforts. The home energy audits can either be an on-site audit, conducted by a qualified QGC technician or a mail in audit in which the participants answers questions and receive advice from QGC.

Table 7

QUESTAR GAS COMPANY
THERMWISE AUDIT PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

A	B		C		D		E		F		G	
	2010		YTD		2010		YTD		YTD \$		YTD	
	Estimated	Actual	Budget	Actual	Budget	Actual	Actual	Costs	% of	Budget	Dth	
	Participants	Participants	(000)	Participants	(000)	(000)	(000)	(000)	% of	Budget	Savings (2)	
Audit Efficiency Measures (1)	3,773	2,114	43.1				18.0		41.8%		5,502	
Administrative & Overheads	NA	NA	\$ 675.4				709.7		105.1%	NA		
	3,773	2,114	\$ 718.5				727.7		101.3%		5,502	

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

(2) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.

Table 7 shows that the actual audit measure given out during 2010 amounted to only 41.8% of the budgeted amount. The value of this program provides a gateway for customers to see potential savings available to them by implementing additional energy efficiency measures through participation in other programs, namely the Thermwise Weatherization and Appliance programs.

THERMWISE WEATHERIZATION PROGRAM

Table 8 summarizes the 2010 results for the Thermwise Weatherization program. On a total program basis, the Weatherization program reached 87% of the expected expenditures. Attic insulation was the primary driver for this program being below plan.

Table 8

QUESTAR GAS COMPANY
THERMWISE WEATHERIZATION PROGRAM
YEAR TO DATE THROUGH December 31, 2010
DOCKET NO. 09-057-15

A	B		C		D		E		F		G	
	2010		YTD		2010		YTD		YTD \$		YTD	
	Estimated	Actual	Budget	Actual	Budget	Actual	Actual	Costs	% of	Budget	Dth	
	Participants	Participants	(000)	Participants	(000)	(000)	(000)	(000)	% of	Budget	Savings(1)	
1 RESIDENTIAL WEATHERIZATION PROGRAM												
2												
3												
4												
5 Windows - Residential	13,873	19,784	873.9				1160.5		132.8%		32,015	
6 Wall Insulation	3,313	2,164	862.2				522.3		60.6%		7,604	
7 Duct Sealing	2,302	3,308	518.0				744.3		143.7%		11,766	
8 Duct Insulation	2,694	3,260	673.5				815.0		121.0%		18,206	
9 Roof Insulation - Tier 1	52,575	43,384	14,139.4				11792.1		83.4%		257,540	
10 Roof Insulation - Tier 2	14,868	17,182	1,296.8				1619.4		124.9%		24,541	
11 Floor Insulation	1,840	1,196	397.0				202.2		50.9%		5,679	
12 Programmable Thermostat - Residential	116	137	3.5				4.1		117.8%		227	
13 Administrative & Overheads	NA	NA	3067.0				2130.7		69.5%	NA		
14	91,581	90,455	\$ 21,831.3				\$ 19,000.3		87.0%		357,695	
15												

(1) Savings reflects the net Dth deemed savings based on actual participants with Cadmus Report realization rates.

The program's TRC ratio was 1.3. The duct insulation and sealing measures along with the wall insulation measures were the only measures with TRC ratios below 1.0. The UCT ratio for this program was 1.9 with the duct sealing being the only measure below 1.0.

Table 8a reflects the cost per decatherm saved for the total Weatherization program after the Cadmus Report realization factors have been applied.

Table 8a

	2010 Budget	2010 Actual
Cost per Dth Saved Before Admin Costs	\$ 36.62	\$ 47.16
Total Cost per Dth Saved	\$ 42.60	\$ 53.12

THERMWISE MARKET TRANSFORMATION PROGRAM

Table 1, on page 3, shows the ThermWise Market Transformation Program ended the 2010 year at \$1.2 million or 85.8% of the budgeted amount of \$1.4 million.

THERMWISE LOW INCOME PROGRAM

The funding for the ThermWise Low Income Weatherization Program was provided as budgeted. In a report provided by the Division of Housing & Community Development, the \$500,000 of funding provided in the DSM program replaced 599 furnaces with 90% efficient furnaces in low income residences resulting in 8,307 in annual Dth savings.

DSM Amortization Account Balance

FERC account 182.400 is the account where the company accumulates the costs expended in the DSM program and at least semi-annually, requests permission from the Commission to amortize those accumulated balances. In table 1 on page 3 the balance at of the end of December 31, 2010 was \$39.4 million (Col E, Line 21). The current amortization rate for the GS class is \$0.375 / Dth which was set to amortize an estimated balance of \$36 million. On March 9, 2011, the ThermWise Advisory Board reviewed a proposal by the company to begin amortizing the current balance in the DSM account, as well as the current year estimated expenditures, over a three year period in order to reduce carrying costs on the DSM account balance.

CONCLUSION & RECOMMENDATIONS:

The Division is pleased with the success of the Energy Efficiency Programs initiated by Questar Gas Company as they benefit all rate payers by reducing usage levels. As shown on page 3 in Table 1 of this report, the TRC for all Energy Efficiency programs is 1.1.

As previously mentioned, QGC is reimbursed by customers of the GS rate class for the total costs of the DSM programs through amortization requests, which occur no less than twice a year but can occur more often. Because of this fact, the Division urges all GS customers to participate in the programs in order to take advantage of the energy savings provided by the programs.

Also, because the dollars expended for these programs are significant, the Division recommends the Company, in conjunction with the DSM Advisory Board, (1) explore ways of improving the benefit cost ratio of the duct sealing measures within the Weatherization Program. The Division also recommends (2) the Company provide, as soon as possible, an update on their findings concerning the Cadmus Report conclusions on the deemed savings in the ThermWise Builder Program since all measures in that program currently are below 1.0 in Utility Cost Test and with the exception of the High Performance Home measure, below 1.0 in the Total Resource Cost Test.

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