

March 25, 2009

UTAH PUBLIC  
SERVICE COMMISSION

Public Service Commission  
160 E. 300 So.  
4<sup>th</sup> Floor Heber Wells Bldg.  
S.L.C. Utah 84111  
(801)530-6716

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Dear Commission,

Due to an unanticipated response by customers to the insulation aspect of the Thermwise program over the past several months and pressure from an investigative report from a local news station (that was full of misleading and inaccurate information) Questar Gas Co. is requesting some changes relating to the Thermwise Insulation program. It is our understanding that these requests include some budget increases to help administer the program and also a reduction in the rebate credit amounts for insulation by nearly 45%.

It is our position that if this extreme reduction in rebate credit is approved that it will result in a devastating affect on the insulation portion of this program. Consumers will simply be unable to afford to participate in this program in these extremely difficult economic conditions if their contribution requirement is increased by nearly 45%. If the rebate amount is reduced this dramatically we anticipate a decrease in business in excess of 90%. It is our feeling that this change would essentially kill this portion of the program.

It appears to be the position of Questar that market conditions have changed since they initiated the program back in early 2007 and it has now become too easy for the consumer to participate in the program due to reduced pricing by the insulation companies and contractors. The original premise and purpose of the program was to encourage customers to participate and the ultimate result would be a reduction of gas consumption and a savings benefit to both Questar and its customers. Preliminary numbers suggest that the intended purposes are being accomplished. One would expect that a greater participation by consumers would only create a greater degree of success relating to the program goals.

Market conditions have changed since the inception of the program and as we all know, that equates to an almost unprecedented deterioration of our economy. Because of the struggling economy there is extreme competition for work and as a result of that competition profit margins and pricing have been driven down. The lower pricing has in no way hurt Questar because its contribution has remained unchanged with the exception of a marked increase in participation by the consumer due to the benefit they receive by

lower pricing. The lower pricing has benefited the consumer and many more customers have been able to participate in the program as a result. This increase in participation should be considered a positive to the program not a negative. A reduction in the rebate allowance will only create greater downward pressure on pricing and profitability. The result will likely be that smaller companies will be forced out of business because they don't have the buying power of the larger companies and the handful of larger companies will have a monopoly on the remaining business.

Many insulation companies and contractors have invested considerable time and resources to ramp up in support of this program. Some have purchased additional equipment or leased additional space and others have spent a great deal on advertising or added personnel etc. They have done so with the understanding that the program would continue in its current state until the end of 2009 and then would be reviewed to see if it was viable to continue the program. To implement such a dramatic change in the program with such short notice would be unreasonable and create undo hardship on the insulation companies and contractors as well as the customer.

For the above stated reasons we request that the Commission would consider the following:

1. The proposed changes to the rebate amounts be declined and that any changes to the rebate amounts be reviewed at the end of 2009 as originally planned.
2. That any changes to the program would be implemented with a minimum of 60 days notice to both the consumer and the insulation companies and contractors.
3. If changes to the program are required to slow down the participation by customers due to budget restraints; that other options be considered.
4. If a reduction in rebate credit is absolutely necessary that it be in a five to seven cent range rather than the proposed amount to avoid killing the program all together.
5. Additional budget be approved to allow the continuation of the program at its current pace.

We believe that Questar Gas and the Public Service Commission should be commended for developing and approving this Thermwise insulation program. It not only benefits the customer by reducing their energy bills it also benefits our world and environment by reducing consumption of badly needed energy resources. In addition, this program benefits our economy by helping to provide badly needed jobs. Including jobs that range from the manufacturing of product and equipment to the employment of office and warehouse personnel. We would ask that the Commission not make any hasty decisions that would severely negate the many positive impacts that this program is providing.

I will be in attendance at the hearing on Thursday and I would be happy to provide input or testimony regarding any of these matters that I have mentioned.

Sincerely

Mark Scott \_\_\_\_\_