



Docket No.
13-057-14

UTAH PUBLIC
SERVICE COMMISSION

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Barrie L. McKay

Vice President Regulatory Affairs

July 23, 2014

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

ORIGINAL

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. 09-057-15, dated January 12, 2010 (Order), a report on DSM expenditures to date. Specifically, the Order in paragraph 1 states:

In addition to the current requirement that Questar report to the Commission when any DSM program reaches 90% of its budget, if any DSM program reaches fifty percent (50%) of its budget before June 2010 or eighty percent (80%) by August 2010, Questar must notify the Commission.

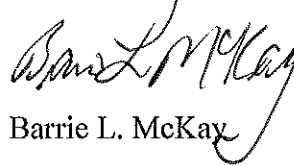
Per the Order and the Division of Public Utilities (DPU) request in its memorandum (Memorandum, Docket No. 10-057-15, Questar Gas DSM budget for 2011, December 6, 2010) to keep "current reporting requirements in place" for future ThermWise® program years, Questar Gas reports that in the month of May 2014 the Builder Rebates program surpassed fifty percent (50%) of the 2014 budget. At the end of April, the Builder program had expenses of \$1.09 million or thirty-nine percent (39%) of the 2014 budget. Expenditures in the month of May totaled \$0.46 million which brought program spending to fifty-five percent (55%) of the 2014 Builder budget. The Builder program is experiencing higher than projected customer participation particularly in the 95% efficient furnace rebate measure for both single and multi-family (93% of budgeted rebate dollars paid as of May 2014) market segments.

If the five month participation trends were to continue through the remainder of 2014, the Company projects that total program spending in the Builder program could reach as high as \$3.7 million or 137% of budget. These higher than expected customer rebate totals would result in higher related Dth savings than budgeted. Higher customer participation rates would also improve the overall Builder program cost-effectiveness results.

An analysis of eighteen month (January 2013 - June 2014) building activity in the Company's Utah service territory (Exhibit 1) however shows a recent drop in permits issued in both the single and multi-family market segments. Single family building permits issued in June 2014 (366) were at the lowest levels seen over the time period. Multi-family building permits issued in the past eighteen months increased dramatically in November 2013 and peaked in February 2014. Since that time, multi-family permits have steadily decreased to a near eighteen month low in June 2014 (133). These permit trends suggest that a slow-down in Builder program participation may be coming in the final seven months of 2014.

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Barrie L. McKay". The signature is written in a cursive style with a large, sweeping initial "B".

Barrie L. McKay

cc: Division of Public Utilities
Committee of Consumer Services

Exhibit 1

Questar Gas Utah Service Territory - 2014 Permit Activity

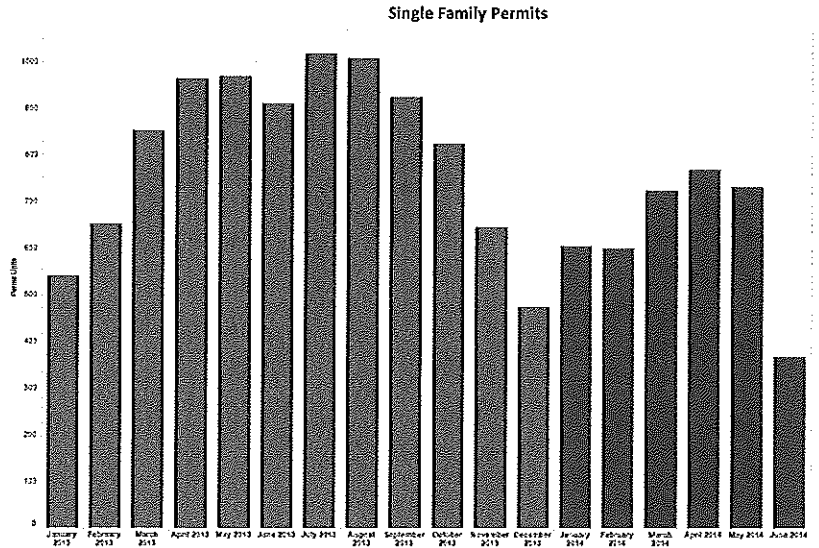
Summary

* There have been 3,791 single family and 2,433 multi family new construction permit units in Questar Gas Utah service territory year-to-date 2014.

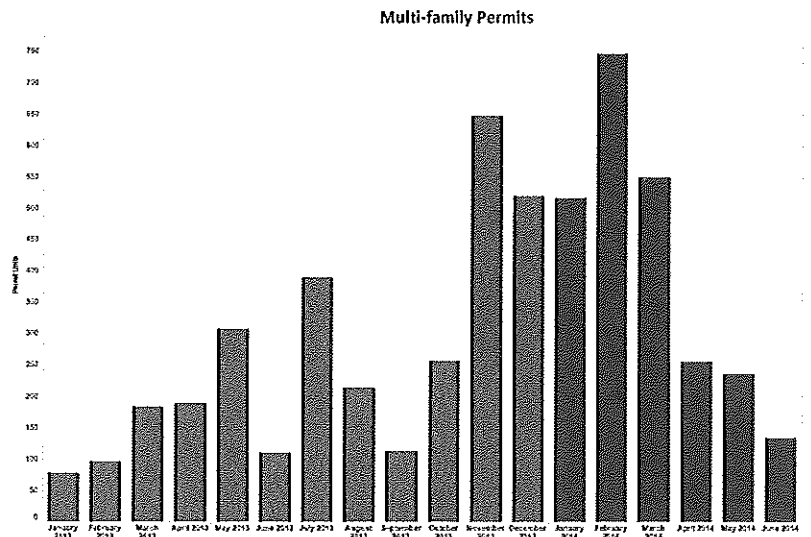
* 22% reduction in single family permit units year-over-year (YoY) in 2014.

* 153% Increase in multi family permit units YoY in 2014.

Single Family Permits	Units	MoM% Change	YoY% change
January 2013	540	-	-
February 2013	651	-	-
March 2013	852	-	-
April 2013	962	-	-
May 2013	968	-	-
June 2013	910	-	-
July 2013	1,017	-	-
August 2013	1,007	-	-
September 2013	924	-	-
October 2013	823	-	-
November 2013	644	-	-
December 2013	473	-	-
January 2014	604	28%	12%
February 2014	598	-1%	-8%
March 2014	724	21%	-15%
April 2014	768	6%	-20%
May 2014	731	-5%	-24%
June 2014 (P)	366	-50%	-60%
2014 Totals YTD	3,791	-	-22%



Multi-family Permits	Units	MoM% Change	YoY% change
January 2013	77	-	-
February 2013	96	-	-
March 2013	183	-	-
April 2013	188	-	-
May 2013	307	-	-
June 2013	110	-	-
July 2013	389	-	-
August 2013	213	-	-
September 2013	112	-	-
October 2013	256	-	-
November 2013	647	-	-
December 2013	519	-	-
January 2014	516	-1%	570%
February 2014	745	44%	676%
March 2014	549	-26%	200%
April 2014	255	-54%	36%
May 2014	235	-8%	-23%
June 2014 (P)	133	-43%	21%
2014 Totals YTD	2,433	-	153%



* Percentages are in percent Increase/decrease.

* Permit totals are in housing units.